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NEWS SUMMARY

GENERAL

Lebanon clashes leave 75 dead

Lebanon's right - wing Phalange Party held control of many offices and barracks of the rival right-wing National Liberal Party after the worst fighting in the country for over a year had left 75 people dead and scores injured.

Tanks, artillery, rockets and machine guns were used in the clashes between the two Christian organisations.

Phalangist Party chief Pierre Gemayel and NLP leader Camille Chamoun were meeting to discuss ceasefire terms. Page 3

Bill vote

Government survived an attempt to tighten up the Employment Bill in the Lords with a majority of 208. Parliament, Page 8

Open verdicts

Jury at the Warrenpoint massacre inquest in Co. Down returned open verdicts on 18 soldiers killed by two bombs. The coroner described the deaths as "the most abhorrent and gruesome I have dealt with."

Terrorism move

Government dropped the power to detain suspected terrorists indefinitely and without trial from the Northern Ireland Emergency Provisions order. Parliament, Page 8; Haughey pressure, Page 5; Feature, Page 19

VAT probe

Customs and Excise officials are investigating possible irregularities in a VAT-free scheme for customers operated by Banbury Buildings, home improvement division of London Brick. Back Page

Envoys recalled

South Africa had recalled all senior members of its diplomatic mission in Zimbabwe, Foreign Minister Pik Botha said in Pretoria. Page 3

Atom waste demo

Seven people were arrested after a train carrying nuclear waste was halted by demonstrators who built a barricade across the track near Dursley, Gloucs.

Marriage laws

The Prime Minister said the Government had no plans to change the law so Prince Charles could marry a Roman Catholic. Parliament, Page 8

Detective jailed

Detective Kevin Carrington, was jailed at the Old Bailey for seven years after being found guilty of passing on cannabis seized by police.

Arizona hunt

Patrolmen in Arizona hunting smugglers who led illegal immigrants from El Salvador to their deaths said some of the women were so ill-prepared they had started their journey in high-heeled shoes.

Iran executions

Seven men were executed by firing squad in Tehran as part of a campaign against smuggling and drug dealing. Page 3

Leaping exports

India last year exported 3,764 tonnes of frogs' legs worth about £5m, to the U.S., Europe and Africa, according to figures from the Frog Culture Research Centre, near Calcutta.

Briefly . . .

Earth tremors rocked parts of the Midlands. Sussex was hit by floods. Forecast, Back Page

Dame Gracie Fields left £167,153 (£270,153 gross) in her will.

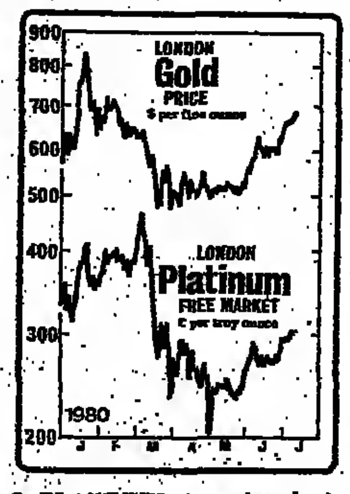
BUSINESS

$ steadies after support; Gold up

● DOLLAR steadied but only after widespread support from central banks. It closed at DM 1.7405 (DM 1.7385) and its trade weighted index remained 82.8. Page 23

● STERLING fell 0.9c to close at $2.3735, but its trade weighted index was unchanged at 74.4. Page 23

● GOLD continued to improve in London, closing $6 up at $682.5. Page 23



● PLATINUM rose sharply in London to its highest level for four months before falling to £303.60 a troy oz—£5.25 up on the previous close. Page 27

● GILTS faded with news of the June banking figures after early gains in a volatile market. The Government Securities index fell 0.05 to close at 70.39. Page 28

● EQUITIES fell after early gains in mixed trading. The FT 30-share index closed 2.3 down at 492.7. Page 28

● WALL STREET was down 1.20 at 897.01 near the close. Page 27

● ROUGH DIAMOND sales rose 18 per cent to $1.57bn (£659m) in the first half of this year.

● EEC COMMISSION is to announce measures which will sharply reduce sales of U.S.-made polyester filament yarns in the Community. Back Page

● U.S. wholesale prices rose 0.8 per cent in June—significantly faster than in the previous two months. Back Page

● BRAZIL'S annual inflation rate rose to 99.2 per cent at the end of June, the highest ever.

● WEST GERMAN economy showed signs of slower growth with manufacturing industry's orders for April-May down by 15.5 per cent in real terms from February-March. Page 2

● BARCLAYS BANK announced new personal savings and deposit accounts which will be competitive with those offered by building societies. Back Page

● NUMBER of bad debtors and business failures in the UK increased sharply in the first half of this year, according to Trade Indemnity, one of largest underwriters of credit insurance. Back Page

COMPANIES

● ROTHMANS INTERNATIONAL, the tobacco group, reported a £17.7m drop in pre-tax profit to £80.5m for the year to March. Page 20; Lex, Back Page

● WADDINGTONS, the games manufacturer, finished the year to March with pre-tax profit almost halved at £881,000 (£1.68m). Page 20

● LONDON AND MIDLAND Industrials, the consumer and engineering group, increased pre-tax profits from £2.13m to a record £3.45m in the year to March. Page 20

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			
Akroyd & Smithers	318	+	20
Bestobell	282	+	8
Blue Circle	374	+	6
Brown and Jackson	140	+	12
Cater Ryder	345	+	13
Christies Intnl.	230	+	8
Chubb	122	+	5
Ferranti	619	+	24
Fundinvest Cap.	89	+	7
GKN	254	+	8
Hall (M.)	248	+	10
Hambros	516	+	9
Hay's Wharf	258	+	6
Hazlewoods	94xa	+	7
Laird Group	94	+	9
Lon. Midland Inds.	122	+	8
Moorgate Inv.	147	+	13
Waddington (J.)	122	+	6
Anglo Amer. Gold	£40	+	1
De Beers Dfd.	420	+	8
Gold Fields SA	£35½	+	1¼
Grootvlei	431	+	21
Poseidon	223	+	7
RTZ	472	+	15
FALLS			
Beecham	149	—	10
Coral Leisure	62	—	4
Glaxo	234	—	6
Harris Queensway	143	—	30
Johnson Matthey	378	—	10
Toothill	30	—	3
Turner and Newall	122	—	5
Attock Oil	258	—	10
IC Gas	860	—	14
LASMO	785	—	20
Cent. Pacific Min.	£33¾	—	1¾
Greenvale Mining	220	—	35
Intnl. Mining	45	—	5
Samantha Explor.	116	—	20
Samson Explor.	64	—	10
Southern Pacific	£12½	—	1

Rate of monetary growth 0.25% over Government target

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RATE of monetary growth is still slightly above tha upper end of the official target limits of a 7 to 11 per cent annual rate of increase, in spite of some slowdown last month.

Banking figures published yesterday by the Bank of England were known by the Government before last Thursday's decision to cut Minimum Lending Rate by one percentage point to 16 per cent.

The figures show the decision was based much more on anticipation of a slackening in monetary growth and bank lending than on evidence of a significant change in the trend so far.

The preliminary indications are that sterling M3, the broadly defined money supply, grew by about ¾ per cent in the month to mid-June. This would mean ao increase of 11¾ per cent at an annual rate since the start of the current target period in mid-February and an annual rate of growth of 10½ per cent over the past six months.

The figures were at the uppar end of the expected range. Consequently, prices of gilt-edged stocks, which had been slipping back before the anouncement on profit-taking, weakened further. This creates considerable uncertainty about the level of support for this morniog's offer by tender of £800m of 1987 stock.

Some City analysts have been surprised that the Government cut MLR before more definite evidence emerged of a slower rate of monetary growth.

The official view is that the money snpply is definitely not accelerating and is around the upper end bf the range.

Thera has nevertheless been a significant shift of emphasis in policy from a concern primarily with recent statistics and current uncertainties to a more forward-looking approach.

The key influence has been the daily evidence of the deepening recession which ia expected by the Government to lead to a marked slackening later this year in both the private sector demand for credit and in monetary growth.

On this view it would be wrong to keep up interest rates and risk an excessive squeeze, especially as bank lending to the private sector usually lags behind changes in the economy.

This anticipatory emphasis in policy—or "intuitive optimism" as it has been described by broker James Capel—has led to different views on when MLR will be cut again. Some analysts believe a further move will come within a month, while others think any change will await clearer evidence of a monetary slowdown.

The main indicator published yesterday was for eligible liabilities, a large part of the bankiog system's deposits. These rose by 2.2 per cent to £56.45bn last month.

Thise is not an exact guide to sterling M3, largely because of seasonal influeoces and banking transactions with the discount market. Both these factors reduce the expected rise to arouod ¾ per cent, though, unusually, officials yesterday warned this figure might bave to be revised in the light of later information.

The London clearing banks yesterday said the underlying increase in their advances last month seemed to have been appreciably lower than the average over recent months. But this may be a misleading goide to the overall picture which may show only a slight moderation in the growth of hank lending. This remained a substantial expansionary influence on the money supply.

The banks appear to have anticipated the abolition in mid-June of the corset controls on the growth of their operations. This is shown by the 3½ per cent rise last month in interest-bearing eligible liabilities, the subject of corset controls.

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Editorial comment, Page 18
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Midlands workers settling for less

By Arthur Smith, Midlands Correspondent

EVIDENCE THAT the Government's tough industrial policy is reducing pay expectations and settlements came y esterday from the West Midlands region of the Confederation of British Industry.

Recent deals negotiated against the background of the deteriorating trade position were already averaging 8 per cent, said Mr. Reg Parkes, the regional CBI chairman. Single figure settlements were expected to be the norm in the autumn pay round, with some companies unable to make any award.

There is evidence too that the sharp decline in the West Midlands economy, with its heavy dependence on the troubled motor industry, has undermined the militancy of workers.

Mr. Phil Povey, a regional officer of the Amalgamated Union of Engineering Workers, said last night "I have never known Midlands workers so docile. They have been punched and battered by the flood of redundancies and short time working."

BL Cars says there is "a significant change" in workers' attitudes and many of the controversial changes in working practices proposed by the management have already been implemented.

Union leaders have expressed surprise at the ease with which BL appears to have gained shop floor backing for proposals which less than three months ago provoked strikes by more than 22,000 workers.

Union leaders, alarmed at the recent spate of plant closures and redundancies, see no hope of a quick improvement in the employment situation.

Mr. Parkes forecast after a meeting of the CBI regional council in Birmingham that the level of redundancies was likely to continue for the next few months and might increase slightly.

Certain industries, such as motor components suppliers, were in deep trouble and for them it was "a question of survival."

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£ in New York

—	July 7	Previous
Spot	$2.3810-3820	$2.3550-3570
1 month	1.69-1.64 dis.	1.55-1.50 dis
3 months	3.88-3.82 dis.	3.85-3.77 dis
12 months	8.25-8.10 dis.	8.60-8.30 dis

Carter pledge of aid for car industry

BY DAVID BUCHAN IN DETROIT

PRESIDENT CARTER yesterday unveiled an aid package here for the hard pressed U.S. car industry that could total nearly $1bn.

His announcement came immediately before his departure to Tokyo, for the memorial services for Mr. Masayoshi Ohira, the late Japanese Prime Minister. While There be will press again for a slowdown in the rising flow of Japanese cars to the U.S.

Mr. Carter, who has so far fought resolutely shy of direct import curbs, told cabinet members, industry and union leaders at a dawn meeting at Detroit Airport, he was asking for an accelerated ruling on a suit brought by the United Auto Workers.

The UAW petition alleges imports are unfairly damaging the U.S. industry and should be reduced by means of an increased tariff. Japan is taking nearly a quarter of the U.S. car market, pushing imports up to a 28.4 per cent share in May.

Mr. Doug Fraser, the UAW president, welcomed Mr. Carter's move as a first step, as did the heads of General Motors, Ford and Chrysler. An import ruling by the U.S. International Trade Commission (ITC), a semi-independent panel, may now come as early as September.

Subsidies

Mr. Carter said yesterday his request for an accelerated ruling "does not prejudge what I may do" in rejecting or accepting the ITC findings. But if he falls badly behind in the election campaign, he might feel forced to reverse his free trade stand.

Trade protectionism would bring the most immediate relief to the U.S. car industry, but the Administration has so far rejected it as inflationary, since a high tariff would raise Japanese car prices here and force Americans to turn back to larger domestic models that use more petrol.

Mr. Carter pledged $250m to $450m in aid and loan guarantees for communities and dealers hit by the car recession, and promised to scrap a new clean air rule that would have cost the industry $500m to meet.

In addition Mr. William Miller, the Treasury Secretary, also present at the dawn airport conclave, has been directed to investigate the possibility of allowing the car industry to have a faster tax write off on obsolete plant so that it can retool more quickly to build more small cars and match the Japanese competition.

Under these changes small car production in the U.S. would rise from 1.5m units this year to 7.5m in 1983, Mr. Carter predicted yesterday.

"When a programme for a general tax cut has beeo worked out, the auto industry will have more consideration to meet its special needs," Mr. Carter said. This is a further sign that the White House is being pushed by Republican pressure into coming up with its own tax reduction scheme for 1981.

The airport meeting, which follows an initial discussion eight weeks ago in Washington, was clearly designed for maximum political effect in a city that is the heart of the car industry.

Republicans also happen to be gathering here for their party convention next week to nominate Mr. Ronald Reagan as their Presidential election candidate in November.

Mr. Carter said his administration had worked "literally night and day" on the car industry's problems. He was "particularly grieved" by the number of car workers who had lost their jobs.

Layoffs in the industry and its suppliers exceed 700,000, and Detroit's unemployment rate is about double the 7.7 per cent national level.

Republican leaders were angry at having their limelight partly stolen. Mr. Bill Brock, the Republican National Committee chairman, called it "squalid politics" and said "in coming to Detroit President Carter has laid claim to unemployment as a major campaign issue. I welcome him to do so."

Mr. Carter has been at odds with the large and politically active UAW. The union could normally be expected to rally behind a likely Democratic presidential nominee, but this year its leadership has backed Senator Edward Kennedy's unrelenting rivalry to the president.

On Monday the Japanese Ministry of International Trade and Industry (MITI) formally assured Washington there was no truth in reports that Japanese companies planned to expand car production by 2m units a year by 1983, with sales of the extra cars mostly aimed at the U.S. Mr. Carter had pressed Japanese ministers on this at last month's Venice summit.

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Ford's best UK performance, Back Page

Thatcher unruffled over miners' £100 pay call

BY CHRISTIAN TYLER, LABOUR EDITOR

GOVERNMENT MINISTERS reacted with studied calm yesterday to a toughly worded and politically-charged pay demand unanimously adopted by miners' delegates at their annual conference.

Both the Prime Minister and the Employment Secretary refused to be flustered by warnings from the militants of the National Union of Mineworkers that the wage claim would be used to discredit Government policy and could lead to a premature electoral defeat, as in 1974.

Mr. James Prior, Employment Secretary, said wage negotiations were a matter for the National Coal Board and tha NUM, not for politicians. Nor was there any question of a pay policy this winter.

Mrs. Thatcher told the Commons at Question Time she was more concerned with wage settlements, not claims. "This is the season of trade union conferences and you must expect to hear of high wage claims."

The Prime Minister said she thought many miners were happy with their pay, and she noted that young people were queuing to join the industry.

At their conference in Eastbourne, the NUM delegates approved a demand for a basic minimum wage of £100 a week, to be paid as salary, from January 1. The present minimum, for surface workers, is £73.65. This implies increases for all grades of about 35 per cent, and ignores all ministerial exhortations for wage expectations to be kept well below the prevailing rate of price increases.

The sting in the tail, which ties the hands of the NUM negotiators more tightly than for many years, is an instruction for a special delegate conference to be called "as a prelude to consulting the membership about taking various forms of industrial action" if the NCB refuses to meet the claim.

The big Left-wing led coalfields of Yorkshire, Scotland and South Wales have by this means prevented a repetition of last year's snap ballot of the membership. Activists would be given time to mount a vigorous pithead campaign.

For the Coal Board, the main worry appears to be that in spite of high earnings enjoyed by many top-rated faceworkers—an average of nearly £150 a week—grievances about the tough new financial constraints proposed for the industry will start a ground swell of political opposition.

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Belgrade 'seeks Western loans'

BY PETER MONTAGNON IN BASLE

YUGOSLAVIA HAS approached leading Western Governments and central banks for assistance in raising international loans of more than $2bn to help finance its deteriorating balance of payments deficit.

Central bankers at this month's meeting of the Bank for International Settlements in Basle said that national authorities in a number of countries had been asked by Yugoslavia to act as intermediaries with their commercial banks to arrange the package "on the basis of market conditions."

Yesterday's talks gave the bankers an opportunity to compare notes on the requests which have been made individually to the countries concerned.

However, the National Bank of Yugoslavia in Belgrade said that no formal approach had yet been made to central or commercial banks abroad.

It is understood in Basle, however, that President Carter responded sympathetically during his visit to Belgrade last month to a request for assistance in raising $1bn from the U.S. financial community. A large credit is also being sought from West German banks as well as from other European countries.

It comes as little surprise to Euromarkets that Yugoslavia is seeking funds. Its external payments were in deficit by some $3.7bn last year and an even worse result is likely in 1980.

However, the country has experienced difficulty in raising funds on commercial markets this year. This is dua partly to political uncertainty following the death of President Tito, but mostly to the poor performance of the Yugoslav economy and lending limits at some major banks.

Banks have also been concerned by what they see as poor management of Yugoslavia's foreign debt.

Western countries are anxious to shore up Yugoslavia as a non-aligned country bordering the Comecon bloc. Bankers are also concerned to prevent it from slipping too far down the road towards the type of difficulties facing Turkey.

● Turkey is now a source of grave concern to some Western officials. Despite its political and strategic importance, they report growing international reluctance to give financial assistance in the volume required.

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HELP FOR INDUSTRY FROM OVERSEAS DEMAND

W. Germany shows slower growth

BY ROGER BOYES IN BONN

OVERSEAS DEMAND helped boost foreign orders to West German manufacturing industry in May, but the economy is still showing distinct signs of much slower growth.

The Federal Statistics Office said yesterday that orders picked up by 2 per cent in real terms in May compared with April. This was almost exclusively because of a 4.5 per cent real increase in overseas demand—largely the result of large capital goods orders from such countries as China.

Domestic orders however, remained at the relatively low April level and in a two-month comparison, the April-May order figure is 5.5 per cent down in real terms from February-March.

Two other sets of figures reinforce the impression that West Germany's economic slowdown is beginning. Statistics released yesterday show that production dropped by 2.5 per cent in April-May compared with February-March. While special factors, such as the Easter and Whitsun holidays, may have contributed to this, there are clear signs of lower output in the construction sector and in most parts of manufacturing industry.

The other major indicator was the remarkably high unemployment figure announced last week. For the first time in 20 years, unemployment actually rose in June, the number of jobless rising by 1.9 per cent from May to reach 781,400. The unemployment rate thus increased from 3.3 per cent to 3.4 per cent.

This figure — and indeed the production and order statistics — is still remarkably good compared with other Western industrialised countries. The Economics Ministry believes that growth will reach 2.5 to 3 per cent this year which, though down on last year's 4.5 per cent, is still strong compared with most of the country's trading partners.

West Germany recorded a buoyant first quarter this year, partly carried along on the impetus of last year's healthy growth. But the first token of a slackening in the economy emerged in April when domestic orders to manufacturing industry fell by a dramatic 7 per cent.

This caused a ripple of concern among German industrialists, who, in the latest IFO Institute business confidence survey, gave one of their most pessimistic outlooks for the year ahead. The drop in orders and production, both in April and May, however is partly because of the distorting effects of panic buying in the first quarter.

Concerned by the various international crises and the threat of higher oil prices, many German companies started stockpiling heavily towards the end of last year and in the first quarter. This sustaining force now evidently plays less of a roll.

The Government's main worry is not so much the slowdown—which it expects to take root in the second half of the year—but prices. Although the price of imports has eased slightly over the past two months, the cost of living is still edging up and is hovering around 6 per cent on a year-on-year basis.

Recession looms as chemicals output falls

BY KEVIN DONE IN FRANKFURT

THE WEST GERMAN chemicals industry has taken a significant steptowards recession. Production fell in April for the first time in more than 15 months and output has declined further in May and June.

The value of chemicals output was still rising strongly in the first four months of 1980, driven along by sharply increasing prices. But by May even this indicator of the health of one of the most important sectors of West German manufacturing industry, had started to fall, according to preliminary assessments by the Chemical Industry Association (VCI).

Sales are estimated to have risen by some 12 per cent in value in the first half, but this is largely a result of the good performance achieved in the first three months. The industry is expected to decline for the rest of the year and, according to Dr. Karl Wamsler, president of the VCI, "1980 will clearly be a worse year for the chemicals industry than 1979."

The industry is still uncertain how long the recession will last, chiefly because it is unable to predict at what level customers will choose to hold their stocks.

Last year the chemicals industry raised production by 5.3 per cent in real terms and sales rose by 15.6 per cent in value to DM 102.4bn (£24.7bn). This development held good in the first quarter, but the industry's fortunes met an unexpectedly sharp reversal in April.

Output in April fell by 2.7 per cent compared with the same month of 1979 after showing strong increases of 4.5 per cent in January-to-March. Production fell again in May by 1.2 per cent and the VCI expects the sector to show little recovery in June.

Only the industry's manufacturing price index is still rising as companies struggle to recoup the extra costs incurred as a result of the steady rise in the price of oil-based feedstocks. About 80 per cent of West German chemicals production is based on oil products.

On average in the first five months chemical manufacturers' prices rose by 13.1 per cent, and although there was some slowing down in April and May both months still had price rises of more than 10 per cent.

Bank halts loan to Spanish steelworks

By Tom Burns in Madrid

THE state-controlled Banco de Credito Industrial (BCI) has refused further credit to the crisis-hit Nervacero steel works near Bilbao whose employees in recent months have staged spectacular demonstrations against redundancies.

A BCI board meeting last night decided to withhold a Pta 479m (£2.86m) credit which has been earmarked for Nervacero since May when the bank loaned the company Pta 200m to meet wage bills.

The bank says Nervacero has not met conditions for further credit. These include a thorough auditing and a viability plan, in addition to the transfer to third parties of shares held by the Arburu family which built up the steelworks.

Some 600 of the almost 1,000 strong labour force staged a sit-in during a session of the Basque Parliament in Bilbao two weeks ago and held the autonomous Basque government and members of the assembly hostage for 12 hours.

Earlier this year, Nervacero workers occupied Bilbao city hall and stock exchange in a bid to force state action to salvage the company.

The BCI decision has come after meetings last week between Basque politicians, Sr. Luis Arbaiza, chairman of Nervacero, and members of the bank at the offices of Sr. Fernando Abril Martorell, the Spanish Deputy Prime Minister and economic overlord.

The bank apparently withstood strong pressure from the Government to extend the credits by implementing an article in its charter giving it special powers in grave circumstances. BCI officials said the board considered any further credits to Nervacero to be "imprudent" and that the risks involved in a rescue operation were too great.

Concern in the Madrid Government and in the Basque administration centres chiefly on the small and medium sized steel concerns that would be directly affected if Nervacero collapsed. Also the militancy of the Nervacero labour force has added strong tensions to the already unsettled Basque political situation.

Blast shuts Turkey-Iraq oil pipeline

THE 590-mile Turkish-Iraqi pipeline was shut for three days after terrorists army units blew up one section, a senior Energy Ministry official said, Metin Munir reports from Ankara. It took 12 hours to extinguish the fire in the pipeline, built to carry 35m tonnes of Iraqi crude to the Turkish Mediterranean coast every year. The explosion occurred about 15 miles from the Iraqi border in the province of Mardin.

France plans steps to stimulate industrial investment

BY ROBERT MAUTHNER IN PARIS

SELECTIVE MEASURES to stimulate industrial investment will be adopted by the French Government in the autumn as part of the 1981 draft budget, M. Raymond Barre, the Prime Minister said in a television interview.

But M. Barre, who warned the French people of hard times ahead, ruled out full-scale reflation as long as inflation and the balance of payments deficit had not been brought under control.

The Prime Minister, in a pugnacious mood, said his policies of economic and monetary restraint were the only possible answer to the country's present problems, caused mainly by spiralling oil prices, and the international economic situation.

Proposals by the left-wing opposition parties and the Gaullists for reflating the economy could only lead to disaster.

The measures to stimulate investment, which the Government hopes will provide the main "motor" of the economy during the economic slack expected to last throughout most of next year, will be mainly fiscal.

They are likely to be similar to those adopted in April 1979, under which companies increasing their capital investment by at least 30 per cent could deduct 3 per cent from their taxable profits.

M. Barre warned the French people that they would inevitably have to pay the price of the extra FFr 50bn (£5.2bn) which the country would have to find for its oil imports this year.

It would still be possible to guarantee the purchasing power of the French population as a whole in 1980, but that did not mean the disposable incomes of all categories would remain constant. Only the poorest workers could be certain of seeing the level of their real wages maintained.

M. Barre also announced that the supplementary levy of 1 per cent on social security contributions, imposed in July 1979 as a means of wiping out the system's huge deficit, would be abolished next February, some two months before the Presidential election.

Despite statistics published by the Labour Ministry, which show a steady increase in unemployment to its present level of nearly 1.5m, and OECD forecasts of a further sharp rise in the number of unemployed over the next 12 months, M. Barre said the employment situation had "ceased to deteriorate."

Lay-offs and dismissals directly caused by the economic situation had fallen from 173,000 in May, 1979, to 123,000 in May this year, and short-time working in 1979 and the first four months of 1980 was 40 per cent below the 1978 level.

M. Gaston Thorn: staying at the helm.

Thorn not likely to step down

By Walter Ellis in Strasbourg

THE LUXEMBOURG Foreign Minister, M. Gaston Thorn, has indicated he is likely to remain president of the EEC Council of Ministers before becoming the next president of the European Commission.

Speaking to the European Parliament yesterday he concentrated on energy and on the need for a greater EEC role in world affairs.

During its six months tenure of the Council presidency, Luxembourg would make these issues its joint top priorities, he said, and gave the strong impression that he would remain the man at the helm.

France does not favour him heading the Council while he is preparing to take over the presidency of a separate—and often rival—Community institution. But if M. Thorn has noted this, he has kept his thoughts to himself.

He could conceivably resign as Foreign Minister after his Commission job is formally announced in the Council on July 22, but it seems that Paris will be kept guessing until then.

Yesterday, M. Thorn said he would set out "personally" as soon as possible on the fact-finding mission to the Middle East agreed at the Community summit in Venice. As Luxembourg's Foreign Minister he had already visited Jordan and Iraq and was optimistic that the basis could be found for a European initiative.

M. Thorn also attached great importance to the North-South dialogue between rich and poor nations and hoped to be able to present a concerted European point of view on the subject to the United Nations General Assembly in New York next month.

Turning to energy, M. Thorn said it was essential for the Nine to do everything possible to reduce oil consumption while expanding the role of coal and nuclear power.

A constructive dialogue should be opened between the oil-producing nations and those countries whose development was being held up by the rising cost of energy. The presidency would spare no efforts in this direction.

M. Thorn added that negotiations with Spain and Portugal on their applications to join the EEC would not be interrupted.

President Giscard d'Estaing of France suggested, recently that further Community enlargement should be postponed until the future of the common agricultural policy and budget financing had been settled by existing member states.

Dissident MP 'wooed by Haughey'

By Our Dublin Correspondent

MR. CHARLES HAUGHEY, the Irish Prime Minister, is believed to be seeking some kind of rapprochement with the dissident Donegal MP, Mr. Neil Blaney, as a way of improving his Government's fading electoral prospects.

Mr. Blaney is well known for republican views and has been threatening to form his own party after years of sitting as an independent. Its formation has already been postponed once and it is thought that Mr. Haughey is keen to prevent it.

Speculation has been heightened by the replacement of Mr. Sean Donlon, as Ireland's ambassador in Washington. Last night, Mr. Blaney welcomed the change. He had previously criticised Mr. Donlan for his stand against IRA-sympathisers in the U.S.

Mr. Blaney left Fianna Fail after the arms smuggling affair over which both he and Mr. Haughey stood trial and were acquitted. Recent opinion polls have shown the Government's popularity to be slipping and a Blaney party could take vital seats away from Fianna Fail in an election.

Mr. Blaney has denied that moving Mr. Donlon was part of any deal between himself and Mr. Haughey.

East German efficiency drive

BY LESLIE COLITT IN BERLIN

EAST GERMANY has ordered industrial managers to take determined steps to reduce endemic worker absenteeism, "increase labour discipline," and lower the amount of overtime needed by workers who purposely go slow during normal hours. Labour productivity must also rise.

The instructions are contained in an urgently-worded directive issued by the East German Communist Party, Government and state trade union, before the economic plan for 1981 is worked out. East Germany has been unable to improve its labour productivity and industrial efficiency as fast as prices rise for its energy and raw materials imported from the Soviet Union and the West.

Managers of inefficient industries are told they will not be able to submit comfortably low economic targets when they formulate their plan figures for 1981 in the next few weeks. They will have to use as a yardstick the figures submitted by the minority of efficient state companies.

The annual plan is worked out at the top by the State Planning Commission, but the Government has relayed its "minimal targets" to company managements and workers for a "plan discussion," starting next week. The directive notes that the targets they set must always be higher than in the draft plan.

The party and government directive says producers must stop wasting energy and raw materials, and are to pay higher prices for both. Products of higher quality are to be more quickly produced and exported to the West. Industrial investments are to yield results in the fastest possible time.

Industrial combines are told they must introduce more micro-electrics into their production. The shift illustrates the degree to which East German managers are faced with changing priorities set from above, for which they are then held responsible.

Soviet delegation visits Belgrade

BY ANTHONY ROBINSON, EAST EUROPEAN CORRESPONDENT

A SOVIET delegation led by Mr. Vasili Kuznetsov, first vice-president of the praesidium of the Supreme Soviet, arrived in Belgrade yesterday at the start of a six-day official visit which will stress the Soviet Union's desire for close relations with the new Yugoslav leadership.

The visit follows closely apparently fruitful discussions in Moscow last month on economic, scientific and technical co-operation between the two countries.

The Soviet Union is Yugoslavia's largest trade partner. It provides one-quarter of Yugoslavia's oil imports as well as gas, raw materials and engineering products. It is also Yugoslavia's largest export market.

At last month's talks the two sides agreed that trade over the term of the next five-year plan should rise to $26bn (£10.9bn) compared with $17bn over the current five-year plan which ends in December. The $17bn figure is 20 per cent higher than the original target, due mainly to higher Soviet oil and gas prices and inflation.

Apart from trade the two sides agreed to step up co-operation in nuclear and power engineering, mining, metallurgical and other engineering sectors, including joint work on large walking excavators for strip mining.

Economic co-operation having been discussed in Moscow, the visit is expected to concentrate on improving bilateral state and party relations and discussion of international issues. These are expected to include preparations for the forthcoming Madrid conference on European security and Soviet-Yugoslav differences over Afghanistan and South-East Asia in particular.

Moves to end mail delays

BY TERRY DODSWORTH IN PARIS

THE FRENCH Post Office, under attack for declining standards, is studying a scheme of guaranteed 24-hour delivery which would involve financial sanctions if the mail did not arrive.

Letters in France are already posted on a second and first class mail basis. But according to the latest statistics, only 70 per cent of the first class mail arrives within a day, and some 3 per cent is reckoned to take more than three days.

The Post Office has made it clear that the scheme would involve higher tariffs than the present first class rate of FFr 1.30 (13p) a letter.

Decision on Community air control body delayed

BY GILES MERRITT IN LUXEMBOURG

EUROCONTROL, the 17-year-old organisation linking the air traffic control activities of seven EEC countries, which is threatened with dismantlement received an unexpected stay of execution yesterday.

Aviation ministers of all the EEC members except Italy and Denmark decided in Brussels that no final decision on winding up the organisation will be taken until mid-November.

The postponement followed the direct intervention of the European Parliament, whose President, Mme. Simone Veil, yesterday sent an urgent request that the future of Eurocontrol be left undecided until the assembly had fully debated the matter.

But indications are that its future is now sealed, and that unless a surprising degree of pressure is exerted in national parliaments, dissolution will be formally approved by the end of this year.

The move to abolish the organisation follows concern among Eurocontrol's member-governments that such operations should be supervised nationally.

The European Public Services Union, which is campaigning for Eurocontrol's survival, warned yesterday that the most likely result of the organisation's abolition will be a fall in air traffic throughout Europe, with higher air travel prices and lower airline profits.

A union official added that air traffic delays would probably become more serious. A report by the Geneva-based IATA has recently warned that such delays within Europe were already costing up to £251m yearly.

Fiscal package aims to teach Italy to live within its means

BY RUPERT CORNWELL IN ROME

"OF ALL the industrialised countries, Italy today is the one with the highest inflation, the strongest internal demand, the fastest rising costs and the greatest dependence on imported oil. For those reasons, it is the one most threatened by any loss in competitiveness. Yet it still retains huge potential, as the consistently fast economic growth of the last two years proves."

This paragraph in the economic strategy statement issued by the Italian Cabinet last week sums up perfectly the background to the deflationary package just approved by the government. On paper at least, it is one of the most imposing economic therapies prescribed by an Italian administration in recent years and one of the most complicated and potentially far-reaching.

The aim is to shift L4,000bn (£2bn), or little less than 1.5 per cent of Gross Domestic Product, from consumption to industrial investment and exports.

In the face of overwhelming resistance from the trade union movement, earlier plans to call a partial halt to the scala mobile system of automatic wage indexation had to be abandoned. But many of the other provisions, if they are enforced, could bring Italy's economic structure yet closer to that of the major industrial powers to whose ranks she is irrevocably committed.

The clampdown on tax evasion, the streamlining of the country's Value Added Tax structure, and the impending changes to Italy's anachronistic banking legislation are but three pointers in this direction.

The immediate problem was an overheated economy. Recession has spread from the U.S. to most of the European community but has hardly brushed Italy.

The economy will certainly slow down sharply after the summer holidays. Even so, as Sig Filippo Maria Pandolfi, the Treasury Minister, pointed out last week, growth in 1980 is forecast to be 4 per cent in real terms. This is only slightly less than the 5 per cent achieved in 1979, and Italy should once again be the EEC's fastest expanding economy. It is eloquent demonstration of the country's extraordinary vitality, but in the last six months the cost has been heavy.

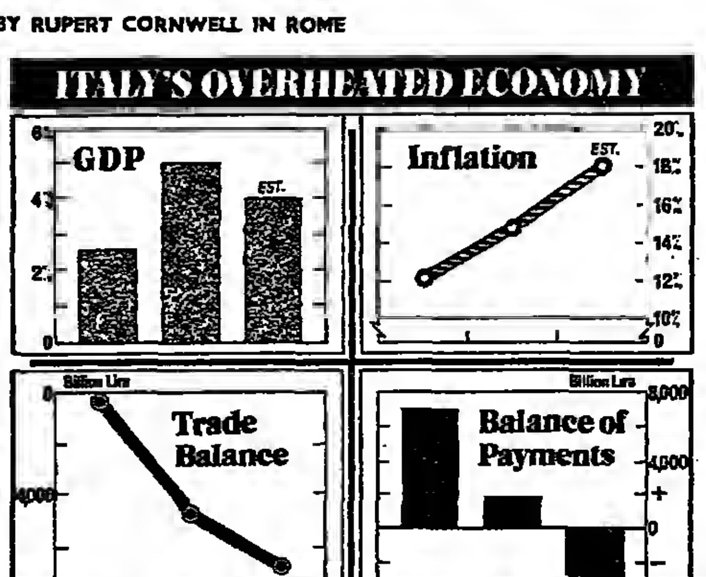
Since last autumn, Italy has drifted out of phase with the economic cycle of the West. Internal demand has remained curiously buoyant. Consumption is reckoned to be rising at a 5 per cent annual rate, compared with 0.8 per cent for the OECD countries as a whole.

But while domestic appetite for goods, and particularly imported ones, has continued unabated, demand abroad for Italian products has contracted. This is the result of both the slowdown in major export markets and the diminishing competitiveness of Italian industry. Soaring labour costs, driven by inflation, have reduced that competitiveness by 7 per cent last year, and the trend has undoubtedly continued this year.

The trade deficit in the first five months of 1980 quintupled to L6,800bn, the balance of payments is back in the red and the lira has come under steadily increasing pressure. Something had to be done, and quickly.

The package lacks direct steps to boost productivity and reduce the impact of wage indexation. All the same, and to the government's credit, it is designed to tackle the structural shortcomings of the economy, rather than provide merely short term relief.

Sig. Filippo Maria Pandolfi



The panacea of a lira devaluation has been rejected. Of course, the currency's rapid slide down the European Monetary System grid disguises a devaluation. But despite the clamour from major exporting industries, from Fiat downwards, for direct devaluation as the simplest means of restoring competitivity abroad, the government did not take the easy way.

The moment is not the most propitious for devaluation. It works best when a very weak dollar means import costs of dollar-denominated raw materials and oil can be held reasonably steady and when the Deutsche Mark and other hard European currencies are strong enough to allow Italy a quick competitive gain against its most important trading rivals. But at present even West Germany is in deficit and these conditions do not obtain. A cheaper lira now would also reduce important foreign currency revenues from tourism.

The measures are aimed at the causes, not the symptoms of Italy's economic difficulties. The authorities intend to attack the chronic propensity of the Italian to consume more than the country can afford by raising first such indirect taxes as VAT and petrol duty and, later public-sector tariffs for such services as electricity and the telephone.

These last steps will allow the utilities both to carry out their massive planned investment and pass on to consumers something like the true cost of the services they use.

As far as outlays are concerned, the government is taking over part of the social security payments companies now make for their employees, as a means of cutting labour costs and raising competitiveness.

More money will be channelled to the South, both directly and indirectly, through the recapitalisation of some of those state-run banks which predominantly operate there.

The net result of the whole package will be to increase government revenues by L3,550bn and spending by L3,350bn. The public sector borrowing requirement, one of the main causes of Italy's endemic inflation, ought to drop to L38,000bn for 1980 from the L40,750bn forecast previously.

The most notable ingredient missing from this recipe for deflation is action to reduce the inflationary impact of the scala mobile. Nor is there anything more than the vaguest promise from the unions to promote higher industrial productivity.

That was the political price that Sig. Francesco Cossiga, the Prime Minister, had to pay to launch the package at all. Yet its 0.5 per cent levy on industrial salaries, to go towards a special solidarity fund for the South and sectors in trouble, is exceptional and will hurt more than the partial freeze on wage indexation proposed before. Acceptance by union leaders of the levy may yet earn them more criticism from the rank and file than if they had permitted adjustments in the sacrosanct scala mobile.

It is easy to be sceptical about the measures. Treatment has been prescribed for decades to help the depressed South, greatest of Italy's structural problems. Yet the results have been modest at best. Can the country's inadequate bureaucracy actually see to it that the money allotted is spent? Is there any guarantee that state aid in general will go to what is new and technologically promising and not be squandered, for social reasons, in trying to make unviable companies viable? The latest injection of L500bn for the effectively bankrupt SIR chemicals concern is not an encouraging omen.

Yet, in other ways, things are changing. Tax evasion brought to light this year will yield an estimated L2,500bn of extra state revenue. Sig. Franco Reviglio, the Finance Minister, may have overstated matters by declaring that the new measures will "change the face of the country." But most Italians would admit that, however slowly, the avenues of evasion are being blocked.

Some of the latest moves have a typically extravagant quality. Compulsory receipts for VAT will be extended to furriers, jewellers and ladies' hairdressers, and the Finance Ministry is pressing for sealed cash registers to become the norm in every shop, again to prevent VAT fiddling. Another sign of the times is the massive increase in duties on whisky and other spirits, of which Italians are ever more enthusiastic consumers. A bottle of Scotch whisky will now cost L7,500 (£3.85) compared with the previous L5,000 (£2.55). In its small way, this too is evidence of how Italy is edging towards northern European standards.

As Sig. Pandolfi admitted last week, the package is unlikely to be enough on its own. Much will depend on what further steps are taken for the medium term, and whether unions and employers can reach a more lasting understanding over the problem of industrial costs and productivity. Even more painful measures may be required in the autumn and, once the traditional summer advantages for the lira have passed, the currency may again come under pressure.

But time has been bought and, for once, not by drastic monetary measures forced on a country in desperation, but by a measured fiscal package on which a medium-term strategy can be built. For Italy, that is no mean achievement.

Cossiga backs Portugal on EEC accession

By Our Rome Correspondent

ITALY yesterday threw its weight behind the efforts of Portugal to secure full membership of the European Community by the planned date of 1983, despite the view of France that delay is necessary.

The Italian decision was made clear to Sr. Francisco Sa Carneiro, Portugal's Prime Minister, during talks with Sig. Francesco Cossiga, the Italian leader.

Italy is worried about the threat posed to its own agriculture by competing Portuguese farm products, but Sig. Cossiga yesterday stressed the overriding political importance of having Portugal within the Community.

Sig. Cossiga told Sr. Sa Carneiro that despite France's insistence on a settlement of the argument over the EEC budget and agricultural policy before Spanish and Portuguese admission.

No country had yet proposed formally any slowdown in the accession process.

Italy also agreed yesterday to back Portugal's request for financial aid from Brussels in the run-up period to membership. The European Commission has offered 50m units of account in replay to a Portuguese request for 425m.

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OVERSEAS NEWS

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Heavy fighting spreads in Lebanon

BY IHSAN HIJAZI IN BEIRUT

TWO DAYS of heavy fighting between rival Christian factions has left at least 75 dead and more than 100 wounded. The Phalange Party, the largest Christian paramilitary organisation, has gained virtual control of a considerable section of Lebanon's predominantly Christian areas, as fighting spread to the mountains and along the coast.

The scale of the clashes, the number of militia involved, and the large number of casualties were taken as evidence that what had happened constituted an all-out offensive by the Phalangists to suppress, or at least curtail, their main Christian rival, the National Liberal Party of Mr. Camille Chamoun, a former President.

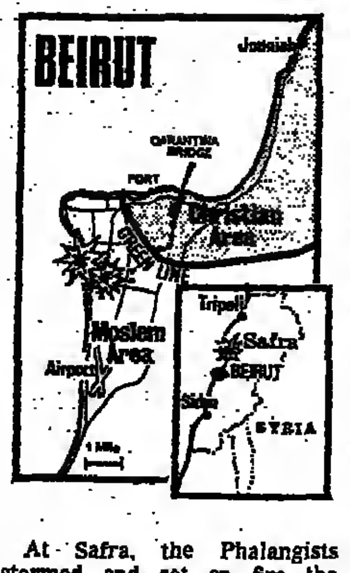
The development, while strengthening the Phalangist position, has also splintered the Christian Maronita front, whose unity was its strength during the civil war four years ago against Palestinian guerrillas and Lebanese leftists and Moslems.

A feud is already raging between the Phalangists and Mr. Suleiman Franjieh, another former President and prominent Maronite, since his eldest son, Tony, was murdered in a Phalangist attack in northern Lebanon two years ago.

The inter-rightist friction is mainly over influence. The Phalangists command the largest Christian militia, with the National Liberals running a weak second.

As many as 500 Phalangist gunmen took part in the offensive, occupying 11 offices of the rival party as well as two garrisons where Mr. Chamoun's followers had stored their weapons.

The arms, including four Super Sherman tanks and many artillery pieces, were seized by the Phalangists. The clashes covered a 50 sq. mile aree extending from east Beirut to Safra on the northern Mediterranean coast.



At Safra, the Phalangists stormed and set on fire the residence of Mr. Dany Chamoun, the former president's younger son and commander of the National Liberal Party militia. Dany's Australian-born wife and his 16-year-old daughter were abducted for several houra before being rescued by the Red Cross.

Dany, who was not at home at the time, later accused the Phalangists of treachery and announced he was resigning his post in his father's party. His older brother, Dory, had already resigned as the party's general secretary after earlier clashes with the Phalangists.

Despite a ceasefire arranged by Mr. Camille Chamoun and Pierre Gemayel, the Phalange Party chief, fighting continued as the National Liberals held out in their few remaining positions.

In predominantly Moslem west Beirut, seven people were killed and 20 wounded in clashes between rival Leftist factions. The fighting was checked by the arrival of Syrian troops serving with the Arab league deterrent force.

Observers here described the violence as "a new kind of civil war." While in 1975 and 1976, Christians fought Moslems, now Christians are fighting Christians and Moslems are fighting Moslems.

Beirut's banks adjust to insecurity

BY OUR BEIRUT CORRESPONDENT

DESPITE INSTABILITY and national divisions, Lebanon's banks have progressed beyond imagination. Bank deposits have soared to en all-time peak of L£19bn (£2.3bn), compared to only L£9bn at the end of 1976 when the Lebanese civil war formally ended.

Seven new banks have been established in the past three years, bringing the number of local, mixed and foreign banks in Lebanon to 77. If Beirut is not the Middle East's main banking centre, as it was before the civil war, it is a major one.

The banks were shaken by the trauma of the national strife which lasted two whole years. A number of banks were looted. But activity at most banks was very much back as usual early in 1977.

If the more secure atmosphere had persisted beyond 1977, it is likely that recovery by now would have been complete and Beirut would have taken its place again as the Middle East's banking Mecca. But conditions in the country began to deteriorate in February 1978, when large-scale clashes broke out between Syrian troops of the Arab League Deterrent Force and Christian militiamen. The breakdown in co-operation between the two groups, which had helped end the civil war, plunged Lebanon once again into uncertainty.

A project to rebuild the business centre of Beirut, shattered during the factional fighting of 1975 and 1976, was short-circuited by the new violence.

But bankers soon found a way to readjust. To stimulate banking, the Government eased its regulations and banks opened new branches to cater for each political division in the capital. Banking activity was re-channelled to the suburbs and to such provincial towns as Jounieh and Tripoli in the north, Sidon in the south and Zahle in the east.

Above ell, the Government lifted its 10-year moratorium on the issue of licences for new banks. This had been imposed after the collapse in 1966 of Intra Bank.

Within two years of the end of the moratorium, seven licenses had been granted by the Bank of Lebanon. Yet the central bank remained loyal to the conservative policy initieted by Elias Sarkis, who was governor of the bank before his election as the country's President in 1976. It imposed a minimum capital requirement of L£15m of which L£4.5m had to be deposited with the Lebanese treasury as e guarantee for the bank's operation.

The Association of Bankers now claims that the country is "overbanked." Of the 77 banks operating 34 are Lebanese-owned, some with other Arab capital investment. Twenty-two banks have a foreign mejority shareholding and the rest are of mixed Lebanese and foreign ownership. Foreign international banks have curtailed operations in Lebanon, but most continue to maintain offices.

Investment by the banks remains limited because of the uncertain security situation. The large deposits have created a flood of liquidity, but critics of the banks' credit policy, particularly the industrialists, say that most banks still shy away from long-term credit.

Lebanese industrialists are still trying to persuade banks to allow them to pay back old debts by instalment, and the government has backed them with a draft repayment plan which is now before parliament.

The majority of the banks see their main contribution to the economy in aiding the growing commercial activity. Several have begun to take certain risks, such as managing credit facilities for tourist projects. The Schroder banking group broke ground in this field early this year when it managed a £10m facility for a ski resort in Lebanon's eastern mountains.

Another criticism of banking operations is that many banks have been engaged in real estate activity and foreign exchange dealings. Such operations, the critics say, have boosted inflation and weakened the value of the Lebanese pound against foreign currencies. This is despite the spiral rise in the value of Lebanese pound's gold cover which is running as high as 82 per cent.

A considerable part of private bank investment is in treasury bonds. This investment rose from the L£10m in 1976 to about L£500m now.

But the recurrence of fectional clashes has played havoc with the reconstruction projects planned by the Board for Reconstruction and Development, which was set up in 1977. Only e trickle of the Arab reconstruction aid promised has been paid up as Arab governments have insisted on the return of stability first.

The Government-controlled Housing Bank grants loans to poorer Lebanese to build their own homes. Its contribution, however, is still tiny when set against the country's growing housing problem.

Seven shot in Tehran for drug offences

By Patrick Cockburn in Tehran

SEVEN PEOPLE were publicly executed by firing squad in the heart of Tehran's "red light" district yesterday as part of a campaign against dealing in narcotics.

Since May 21, 294 Iranians have been executed, 176 of them for drug offences.

To celebrate his attack on the drug industry, Ayatollah Khalkali, the judge who is leading the campaign, yesterday held a public viewing of confiscated heroin, opium, morphine and marijuana in the mosque at Qasr prison.

Bags of opium and heroin were on display together with knives and sub-machine guns confiscated from smugglers. Outside the mosque a crowd of relatives of drug addicts called for more dealers to be executed.

There are thought to be 800,000 regular opium users in Iran of whom half a million are addicts. They draw their supplies from the 7,000 acres of land devoted to opium poppy production in 1979.

Though some heroin is produced in laboratories in the wilder Iranian provinces where government control is tenuous, most hard drugs probably come from Afghanistan or Pakistan.

Reducing the consumption of opium is particularly difficult in Iran since it is used as a medicine in rural areas where no medical facilities are available.

AP reports from Moscow: Mr. Sadeq Qotbzadeh, Iran's Foreign Minister, has assured the Soviet Union that its Tehran embassy will be protected from hostile elements, according to the Soviet news agency, Tass.

In a despatch from Tehran, the agency said Mr. Qotbzadeh had said that security bodies had been given necessary instructions to ensure the safety of the embassy.

The Russians said on Monday that elements hostile to the Soviet Union intended to carry out provocative actions "up to and including seizure of the embassy."

Mugabe told 'disown Nkala'

BY OUR SALISBURY CORRESPONDENT

ZIMBABWE'S Patriotic Front, led by Mr. Joshua Nkomo, yesterday launched a bitter counter-attack on Mr. Enos Nkala, the country's Finence Minister, for his weekend threat to "crush" Mr. Nkomo. Meanwhile there were reports in Salisbury that Mr. Robert Mugabe, the Prime Minister, would move to disown Mr. Nkala's outburst.

The Nkomo front yesterday called on Mr. Mugabe to state where he stands. "We expect the Prime Minister to come out and tell the nation whether Nkala's eccentric views represent the policy of ZANU-PF (the main party in the ruling coalition)."

Mr. Nkale implied in his weekend speech that unless the Soviet Union dropped its support for Mr. Nkomo, it would not be allowed to open an embassy in Zimbebwe.

The Nkomo front said yesterday that so long as Zimbabwe failed to open an embassy in Moscow, it could not claim to be a non-aligned state.

Reuter adds from Pretoria: South Africa has recalled ell senior members of its diplomatic mission in Zimbabwe following the Salisbury Government's order to close the mission. Mr. Pik Botha, South Africa's Foreign Minister, said yesterday. They had not been notified officially when the mission should close, but it was clear Zimbabwe did not want to continue diplomatic relations.

There were no plans for further meetings with Zimbabwe officials, he added.

Third World oil hunt proposed

BY BRIJ KHINDARIA IN GENEVA

PLANS TO create a $60m fund to prospect for oil in developing countries are moving ahead quickly, spurred by the realisation in most Western nations that finding new oil might be an easier way of reducing dependence on Arab suppliers than turning towards alternative energy sources such as nuclear power.

The United Nations Development Programme (UNDP) which finances most UN-sponsored aid programmes in the Third World, has suggested that the fund should be made up of voluntary contributions from Governments, reaching $60m over three years.

The Organisation of Petroleum Exporting Countries (OPEC) supported the proposal at a session of the Programme's decision-making Governing Council, but offered to pay only $6m.

Industrialised countries are keen to encourage oil exploration in developing countries, at least 38 of which are known to have potentially large oil and gas reserves, but do not want to have to pay most of the bills.

The U.S. and the main Common Market countries think that final decisions should be taken only after a special session of the UN General Assembly in New York next August, which is expected to establish the main themes of North-South negotiations in coming years. A special UN conference on energy questions is also due next year.

The proposed fund would pay for initial surveys in developing countries to assess whether further investments should be made by governments and private enterprises to explore and exploit any petroleum and natural gas fields.

Spending from the fund on petroleum surveys would be recovered at least partially from sales by Governments of survey data to national and private companies.

Third World needs for oil and gas exploration during the 1980s are estimated by the Programme at nearly $2bn a year.

Australia's wage-fix system in danger

BY PATRICIA NEWBY IN CANBERRA

AUSTRALIA'S FRAGILE centralised wage-fixing system has been further threatened with an announcement that the independent Arbitration Commission is to reopen the national wage case because of a campaign for a 35-hour week by the metal trades unions.

The wage system which has operated for five years has been largely responsible for keeping down Australian wages. The commission decides twice yearly on a pay rise for Australia's 6.6m workers after hearing evidence on the cost of living and submissions from the unions, government and employers.

The commission rarely grants a full cost of living rise and the result has been an average fall of 1.4 per cent a year in real wages over the past five years.

The Australian Council of Trade Unions (ACTU) supports the system in spite of falling real wages because weaker sections of the union movement are at least granted some increases.

The arbitration Commission was to have announced the latest pay derision this week. However, it believes a campaign being waged by the 300,000 members of 12 metal trades unions cannot be divorced from the national pay case and has therefore called for hearings to be reopened.

Although the ACTU has argued that the two issues are seperate, Sir John Moore, chairman of the Arbitration Commission is adamant that a reduction in working hours is, in effect, a pay rise and therefore affects the national wage case.

The metal trades unions are pacesetters for wages and conditions in the Australian economy and a shorter working week for them could be expected to filter through the whole workforce.

They have been working a 35-hour week unoficially in key areas as part of their campaign.

The ACTU, led by Mr. Bob Hawke, approves the principle of a 35-hour week, compared with the present 40 hours, but does not want to jeopardise the pay rise that is due to the rest of the workforce.

The Arbitration Commission hes threatened to exclude the metal workers from the national pay decision, but all parties are well aware that this would virtually end the centralised wage-fixing system. Return to full-scale collective bargaining might result in a wages explosion accompanied by rising unemployment.

AMERICAN NEWS

Chrysler the model for Detroit aid package

BY DAVID BUCHAN IN DETROIT

PRESIDENT Jimmy Carter yesterday coupled his new relief measures for the U.S. car industry with an announcement that he would soon set up a permanent tripartite car industry committee of representatives from Government, management and labour.

This acknowledges that the car industry needs a new framework in its long, hard haul back to financial health was spelled out yesterday by Mr. Doug Fraser, President of the Auto workers' union, who said Detroit was in for a prolonged and deep recession, and by Mr. Lee Iacocca, head of the recently rescued Chrysler Corporation, the country's third largest car company.

Mr. Iacocca wryly noted that his company was already operating under such a system, with Government officials supervising it on the Chrysler Loan Guarantee Board and Mr. Fraser sitting on the company's own Board. Details of how the new committee might work have not been worked out, but it may extend the mechanism used in Chrysler's rescue in a much looser form to the rest of the industry.

But perceptions of the crisis differ from company to company. Mr. Philip Caldwell, head of Ford, has joined Mr. Fraser and Mr. Iacocca in calling for import curbs. By contrast, the better performance of General Motors and the smaller companies showed up yesterday in the more relaxed view of Mr. Thomas Murphy chairman of GM, that the worst might now be over as interest rates had come down and the Federal Reserve Board lifted its credit curbs.

The measures taken by Mr. Carter yesterday include:

- The scrapping of a new clean air rule which by 1984 would have cost manufacturers $500m to comply with. The Government is to require fewer cars to be tested for emissions, saving time and expense for manufacturers.
- More flexibility in the implementation of standards limiting car workers' exposure to toxic lead and arsenic.
- A review of tighter fuel economy standards on cars and trucks built after 1983 to minimise the industry's capital cost.
- At least $50m in aid to towns and companies hit by the car slump.
- Some $200m to $400m in guarantees for working capital loans for car dealers, and a smaller amount in direct loans to minority-owned car dealerships. Because minority dealers tend to own relatively new businesses, they are less likely to have strong financial reserves, and could otherwise go under in the current recession.
- A possible tax reduction for the car industry to help it retool to produce smaller cars.

Muskie attacks cut in foreign aid spending

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

MR. EDMUND MUSKIE, the U.S. Secretary of State, has sharply criticised his old colleagues in Congress for cutting back American foreign aid appropriations.

In a speech to the Foreign Policy Association in New York, he alleged that Congress was, in effect, reducing the U.S. "arsenal of influence" in the world. "We are not saving money. We are merely postponing and dramatically raising the cost that will one day come due," he said.

Mr. Muskie

Mr. Muskie was particularly exercised by last week's Congressional action in decimating a $520m foreign aid supplemental appropriation, one effect of which is to leave the U.S. Export-Import Bank temporarily shorts of funds for lending. But he also lamented what he saw as a pattern in foreign aid reduction.

"There is no lack of rhetoric," he noted, "calling for more American leadership in the world, leadership we must continue to provide. But if we are to continue to lead, then we must be prepared to pay the cost that leadership requires."

The thrust of Mr. Muskie's speech was more inherently political than that usually adopted by his predecessor, Mr. Cyrus Vance, who tended to be more reticent in equating power and influence with money. Mr. Muskie's language, however, reflects the political forum in which he has served much of his life.

When Congress reconvenes later this month after the Republican convention in Detroit, attempts will be made to restore some of the latest foreign aid cuts. Last week's reductions were hastily effected under the twin guns of budgetary ceilings and a Congressional recess.

Senators reject fighter plan

By Our U.S. Editor

A MAJORITY of the members of the U.S. Senate has written to President Jimmy Carter urging him not to proceed with the sale to Saudi Arabia of extra equipment enhancing the attack capability of the F-15 fighter aircraft.

Mr. Carter, anxious to reassure the Saudi regime, is known to favour the sale of special fuel tanks, bomb racks and the like, as requested by the Saudis last month.

But the Israeli lobby in Washington, which bitterly and unsuccessfully fought the original sale of 60 F-15s to Saudi Arabia two years ago, has argued that the new equipment would render Israel potentially vulnerable to Saudi attack.

Congress does have the power to block the transaction and may feel that, in an election year, it would be insensitive to alienate the American Jewish vote.

When Congress was debating the controversial arms sale package, which also included sales of fighters to Israel and Egypt, the Administration assured the legislature that it would not circumvent Congress over any transferral of follow-up equipment, which the Saudis had not, in any case, requested.

Brazilian inflation rate increases to 99.2%

BY DIANA SMITH IN BRASILIA

BRAZILIAN INFLATION in the 12 months to the end of June was 99.2 per cent, according to official figures released yesterday, just short of the three-figure rate that had been widely expected.

The 99.2 per cent rate, up from 94.9 per cent in the 12 months to the end of May, is the highest annual inflation rate in the country's history. If prices continue to rise at the same rate as in the first half, 1980 inflation will be 80.8 per cent, compared with 77.9 per cent last year.

Sr. Ernane Galveas, the Finance Minister, yesterday admitted that although inflation might cool a little by September, there would be no major improvements this year. This puts paid to ambitious claims made in January that the Government would cut 1980 inflation back to 45 per cent.

Large cuts in public spending, credit restrictions and increased income tax rates have failed to ease inflation, and, according to Sr Galveas, the measures taken to combat inflation may cool growth of gross domestic product this year to 6 per cent, compared with 6.5 per cent in 1979.

The authorities are reluctant to use the word "recession," a risky term in a country that must create 1.8m new jobs each year to cope with nearly 3 per cent annual population growth, but some industrial sectors are already reducing investment.

Sr. Galveas blamed the latest upturn in inflation on an upward surge in farm produce prices caused by higher rates of interest paid by growers.

Bread and flour prices are also soaring, because the Government is phasing out a subsidy on wheat.

Canadian subsidy

THE CANADIAN Government is to devise a new programme to replace the special 20 per cent subsidy paid to the shipbuilding industry, Mr. Herb Gray, the Industry Minister, said yesterday, Victor Mackie reports from Ottawa. The special subsidy expired on July 1, and the subsidy level automatically reverted to 9 per cent.

Refugees returned

THE JAMAICAN Government has sent home 47 Haitian refugees who sailed for Miami, but drifted on to the Jamaican coast, Canute James reports from Kingston.

N-tests ordered

OPERATORS OF 24 nuclear power stations plants using boiler water reactors have been ordered to test their shutdown systems following difficulties at the Browns Ferry Unit 3 Alabama plant last month, according to the Nuclear Regulatory Commission. Reuter reports from Washington.

WORLD TRADE NEWS

UK groups 'must press for change in S. Africa'

By Mark Webster

BRITAIN'S Trade Minister yesterday condemned South Africa's apartheid system and urged British companies with interests in the Republic to press for peaceful change.

Mr. Cecil Parkinson's speech to the UK-South African Trade Association in London is in marked contrast to the Conservative Government's recent soft peddling on British companies paying wages below the Poverty Datum Line to black South African workers.

"The present political system based on apartheid is wrong-minded and will not survive," he said. "It is the duty of all those who care about South Africa and all its people to do what we can to help speed up the process of peaceful change."

He said British companies should comply "wholeheartedly, with the European Community's code of conduct which covers employment, remuneration, training and general working conditions for black South Africans.

More companies than ever have submitted reports on working conditions for their black workers for the second reporting period which ended in June, 1979, he said, and he hoped that recent publicity over poor pay would not deter companies from reporting fully for the third round.

But it is unlikely the statement will go far towards answering Britain's critics in black Africa, especially its biggest trading partner, Nigeria. Trade with both South Africa and Nigeria could top the £1bn mark this year, trade officials say.

The Department of Trade says it is a coincidence that Mr. Parkinson's clarification of the Conservative Government's position comes while Mr. John Nott, the Secretary of State for Trade is in Nigeria where he yesterday spoke of a major campaign to publicise opportunities in the country.

South Africa's fast expanding economy has given a big boost for British exports and in the first five months of 1980 they rose 33 per cent to £265m. They were expected to reach more than £1bn by the end of the year compared with £713.5m in 1979.

British trade with Nigeria has also increased substantially from £638m last year when the country's economy was in recession and is expected to top £1bn this year as it did in 1977 and 1978.

Marconi wins £40m China order

BY COLINA MACDOUGALL

MARCONI AVIONICS will sell £40m in electronic equipment to China on the basis of a contract just signed with the China National Aero Technology Import and Export Corporation.

The contract is the first substantial military deal between China and a Western country in recent years and is indicative of China's intention to update its armed forces with Western equipment. British Aerospace Dynamics is also in discussion with the Chinese over the sale of weapons systems and subsystems.

While the type of equipment covered in the Marconi deal has not been officially revealed, it is believed to be intended to modernise the combat capability of China's ageing force of Soviet-made MiG-19 and MiG-21 fighter aircraft. This could include items such as head-up displays, navigation attack systems or computerised power controls.

The contract, to run over a five-year period, calls for delivery of the equipment and includes the establishment of a licensed manufacturer in China. It also covers engineering, on-site trials and after-sales support.

Marconi, part of the GEC Marconi group, say the deal will probably be accompanied by a training programme to take place both here and in China. The company will be opening an office with staff of about a dozen in Peking shortly.

The contract will be financed under the Export Credits Guarantee Department at £1.2bn deposit facility set up in 1978 for trade with China. It is Marconi Avionics' second deal with China. The company having previously sold the technology for fuel flow measurement production under licence.

The deal has taken 15 months to negotiate. Initially the company made contact with the Chinese during the 1978 mission to this country of Mr. Lu Dong, Minister of the Third Ministry of Machine Building, which has responsibility for the aircraft industry. Marconi was invited to send a team to China in March, 1979.

The Marconi Avionics contract was signed on the Chinese side by Mr. Sun Zhaoqing, who is head of the new London office of the China Aerotechnology import and export corporation. The opening of this office was agreed by Mr. Frances Pym, British Defence Secretary, during his visit to China last March.

British Aerospace Dynamics is currently holding talks with the Chinese over air to air missiles and components. While the size of an eventual contract would depend on what is finally included, it too could run into tens of millions of pounds. Details have yet to be discussed, but a contract could include components and production under licence.

Citroen may build Canton factory

BY TERRY DODSWORTH IN PARIS

CITROEN, THE French car group, has signed a letter of intent with the Chinese authorities for the construction of an assembly plant in the Canton region capable of producing 2,000 vehicles a year.

The French company has been talking about the project with the Chinese for some time. It emphasised yesterday that no conclusion has been reached and that negotiations are continuing. There are tentative hopes, however, that a final agreement could be reached by the beginning of next year, with production of Citroen's big CX and middle range GSA models building up gradually after that.

At the same time, a much more far reaching project for a 150,000-a-year vehicle plant is being discussed with the Chinese. Citroen says that these negotiations are at a very early stage at the moment. But the Chinese have expressed interest in going into this large-scale type of production in the Shanghai region.

Other Western motor companies are also believed to be talking along similar lines with the Chinese, who have so far been mainly reliant on Russian imports to support their motor industry.

R-R in talks on £29m Egypt plan

By Lorne Barling

ROLLS-ROYCE is involved in discussions with the Egyptian Electricity Authority for the extension of a £28.5m turbine power station, now under construction, which would be worth an even larger amount to British companies.

The initial contract, won by Rolls-Royce last year, was for the supply of a 200 MW four-unit gas turbine plant for the authority's facility at Mahmoudiya. Construction has begun and power generation is scheduled for autumn next year.

The extension would upgrade the capacity of the plant to 450 MW by adding two further gas turbines and waste heat recovery boilers, supplying one steam turbine generating unit for each pair of gas turbine units.

This "combined cycle" installation would give an additional 50 per cent of electrical output over the gas turbine capacity with no extra fuel consumption.

Rolls-Royce believes that a successful agreement will involve the supply of equipment by several UK companies. Both General Electric and Northern Engineering are keenly interested.

The Mahmoudiya power station is the biggest project of its kind outside the UK for Rolls-Royce's industrial and marine division. Its extension in the Middle East into combined cycle plant would be an important achievement for the UK power plant industry in this developing technology.

Cleveland makes causeway bid

FINANCIAL TIMES REPORTER

Cleveland Bridge and Engineering, a Trafalgar House company, is bidding for the Saudi-Bahrain causeway project. The company said yesterday that it had tendered in conjunction with Bos Kalis of The Netherlands. This means that it is now the only British company among the 15 international groups bidding for the project.

It was originally understood that Balfour Beatty, heading a consortium involving four Japanese companies, was still in the bidding, but it confirmed yesterday that it had withdrawn.

Mary Frings adds from Bahrain: Bid prices for the 25 kilometre causeway range from $600m to $1bn, according to a Bahrain official. He said the bulk tenders were "within the estimates" drawn up by Saudi Danish consultants.

It is not yet known how many contractors have submitted alternative designs in reinforced concrete for the five bridges, which make up 12 kilometres of the total length. The consultants' designs are in steel. The 120-metre clear span over the main navigation channel provides for a height of 28.5 metres.

GATT reviews textiles accord

BY BRIJ KHINDARIA IN GENEVA

THE TEXTILES committee of the General Agreement on Tariffs and Trade (GATT) began talks yesterday to examine the impact of the multifibre arrangement (MFA) on textile trade flows and the structure of the textiles sector in both industrialised and developing countries. These talks should provide the first official indications of attitudes towards renewal of the MFA which expires at the end of next year.

The committee will discuss the conclusions of a study commissioned by it on the insistence of the developing countries. These countries have argued that talks on renewal of the MFA could not begin without more precise information on how the special privileges given to the EEC under the current MFA have influenced the textile trade.

Developing countries argue that Western textile industries have improved their productivity sufficiently to counter competition from imports. They add that increasing unemployment in Western textiles industries stems from technological innovation rather than cheaper imports. There is therefore no further need to permit "reasonable departures" in the renewed MFA.

British banks in forefront of Mexico financing

BY LORNE BARLING

WITH EXPORT markets almost everywhere sliding into recession, Mexico is one of the few bright spots, with a capital goods sector increasing by around 12 per cent a year. At the same time, Mexican companies are moving away from their traditional sources of finance—American banks—and seeking more loans in Europe.

But competition, notably from countries which are importing Mexican oil, such as Japan, Spain and France, is extremely fierce, with consequent problems for British contractors whose tenders are often 15 to 20 per cent above competitors' as a result of sterling's strength.

There are also suspicions that countries seeking to buy more Mexican oil are, in desperation, prepared to subsidise exports. Here Britain also suffers, since it is unable to join other nations in taking Mexican oil in exchange for supplying technology.

Nevertheless, British banks have been in the forefront in arranging finance for Mexico, Grindlay Brandts having put together a $75m (£33m) loan late last year, supported by the Bank of America and Deutschebank, for Grupo Industrial Alfa, one of Mexico's fastest growing private sector groups.

Expansions planned by groups such as Alfa, Vitro and Cydsa, which are involved in steel, petrochemicals, fibres, glass, food and a wide range of consumer goods require far larger credit than those traditionally supplied by nearby U.S. banks. And European banks are now winning an increasing share of this business.

Altogether, UK banks have signed buyer credit agreements worth around $100m in the past few months, including a $50m loan arranged by Barings for Petróleos Mexicanos (Pemex) for British goods and services, a $30m credit provided by Lloyds Bank International for the supply of knocked-down Massey-Ferguson tractors to Agromak, and Alfa subsidiary, and two loans of $11.6m and $9.2m (the former covered by the Export Credits Guarantee Department (ECGD) provided by the European Banking Corporation and the Midland Bank for five HS-125 executive jets for Sarsa.

Hylsa, another Alfa company, is expected to receive a $50m buyer credit through a London clearing bank for steel manufacturing equipment, and a further loan, connected with the assembly of diesel engines in Mexico, is in the pipeline.

Lloyds Bank International is also expected to complete a $20m loan agreement soon for the supply of mining equipment from the UK. For smaller more routine export orders two general purpose lines of credit are available, one of $10m through Rothschilds and $20m through Barclays Bank International.

Although Mexico may thus appear to be something of a bankers paradise, with gross public sector borrowing requirements alone projected at around $8bn this year, spreads obtained recently have been punishingly low as a result of international competition.

British institutional investors have also been wooed recently as a potential source of capital for Mexico which intends to create as many as 750,000 jobs a year through industrial investment based on foreign borrowing.

But it is an irony, in view of Mexico's oil wealth, that the country is still classed as "poor" under the OECD export finance classification. This means that it qualified for credit at 7¼ per cent on business running over less than five years, and 7½ per cent on more than five years. From July 1 however, these both increased by ½ per cent under an internationally agreed rise in rates.

Nevertheless this is still regarded as cheap money. Even lower rates are sometimes available when export credit organisations have to match those offered by countries such as France on the credit-mixtes (aid plus credit) formula.

There is therefore some pressure now for a review.

The attitude of the Mexican Government towards the borrowing necessary for industrial development has of necessity softened recently, since the "withholding tax," levied until recently at a rate of 21 per cent on commercial loans or buyer credit, has now effectively been lowered to 10 per cent.

There are also suggestions that the tax may be dropped completely before too long, removing considerable technical problems. It would be held in abeyance to be imposed again if borrowing increased too fast.

Although private industry in Mexico is the most dynamic sector of the economy, state corporations such as Pemex and the steel company Sidermex, have generated a steady need for finance in recent years by placing fairly regular orders in the UK. But competition is now tougher than ever.

DAVY has formed a joint venture with Somex, a leading Mexican banking institution, to participate in the rapidly increasing market in Mexico for the engineering and construction of process plants. The joint venture is between Fomento Industrial Somex (FISOMEX), the industrial arm of Somex, and Davy McKee, the international engineering and construction arm of Davy.

Davy McKee has already built a number of industrial projects in Mexico and expects the new company Somex-Davy to lead to increasing Mexican participation.

How Tiffany's made $5m out of thin air

BY DAVID LASCELLES IN NEW YORK

TIFFANY'S, world famous for its luxury goods, made a lot of money last year selling something less substantial—thin air.

For $5m, the New York store parted with what are known as the "air rights" over its 10-storey building in Fifth Avenue to a property developer who wanted to build a skyscraper on the site next door. What it did, quite simply, was transfer to the adjacent property the air space that it was entitled to build into under the New York zoning laws, a practice colourfully described as "pushing the bump along the rug."

The deal was perfectly legal and proper. It delighted everyone concerned. Tiffany capitalised on an asset it had no intention of using, the developer got to build a bigger skyscraper, and the city got a bigger building to tax. But it also added to fears outside the property development business that piggyback building is getting out of hand.

The practice of transferring air rights is not altogether new. It started in America's denser towns before the last war, and even traces its origins back to English law. But the recent property boom in Manhattan has produced such intense competition for building space that air rights have become big business. All major estate agents and property developers have special departments which do little but search out potential deals. In the last couple of years, there have been about a dozen multi-million dollar air rights trades, and countless smaller ones.

As the Tiffany deal was being negotiated, the Museum of Modern Art a couple of blocks away in 53rd Street sold its air rights to a development company for $17m, believed to be the largest air rights deal yet. The museum's height will thus remain a modest half-dozen storeys, but next door there will soon be a 44-storey apartment block.

Grand Central Station sold its air rights to Philip Morris, the large cigarettes and drinks company, which wanted to build a new skyscraper headquarters a block further down Park Avenue.

Perhaps the oddest case was at the corner of Madison Avenue and 54th Street where Tishman, a New York real estate company, wanted to put up a skyscraper. One property-owner on the block, a restaurant called Reidy's refused to sell out. Tishman finally persuaded it to sell its air rights. So the tiny-two-storey restaurant will remain, overshadowed by a vast new tower.

Transfer of air rights takes two forms.

One is principally a ploy by city authorities to save old buildings by giving them a chance to exploit their authorised air space. These buildings tend to be small, and uneconomic, but prey to redevelopment because of their prime town-centre sites.

An example was the Philip Morris deal. Grand Central is a fine old building, but its owners, the bankrupt Penn Central Railroad, wanted to do a "Euston" and replace it with a multi-storey office block. The environmentalists rose up in arms; in the end, the city squashed the redevelopment plan, but allowed the station to sell its air rights.

The deal was unusual in that it involved a transfer across the street, not just to an adjacent site. There was little choice. Grand Central's immediate neighbours had already been redeveloped.

The other kind of transfer permits a developer to acquire a lease on an adjacent small building, lump the two lots together, and get them re-zoned as one, with vastly increased air rights. This is the more common deal, and also the one which upsets people because it brings virtually no benefit to the community: only huge profits to property owners.

The value of air rights depends on the kind of deal involved. But they can be highly lucrative, as a closer look at the Tiffany deal shows.

Tiffany's neighbour was the ailing Bonwit Teller department store which was finally closed down last summer. The site was sold to Mr. Donald Trump, a young and aggressive building magnate who had clearly done his homework on air rights. Using Bonwit Teller's air rights alone, Mr. Trump could only have put up 318,000 sq ft of space. But by buying Tiffany's air rights, and the smaller space above another adjacent building, he was able to build 636,474 sq ft, worth $100m. In other words, he doubled the property's potential with an outlay of little over $5m, probably the best land deal New York has seen for a long time.

Because Tiffany's is now prevented from ever raising its height, Mr. Trump was able to put windows in the wall overlooking the Tiffany lot and Central Park, raising the tower's rentable value.

But the result is an incongruous row of buildings along a stretch of Fifth Avenue once noted for its human dimensions and period character.

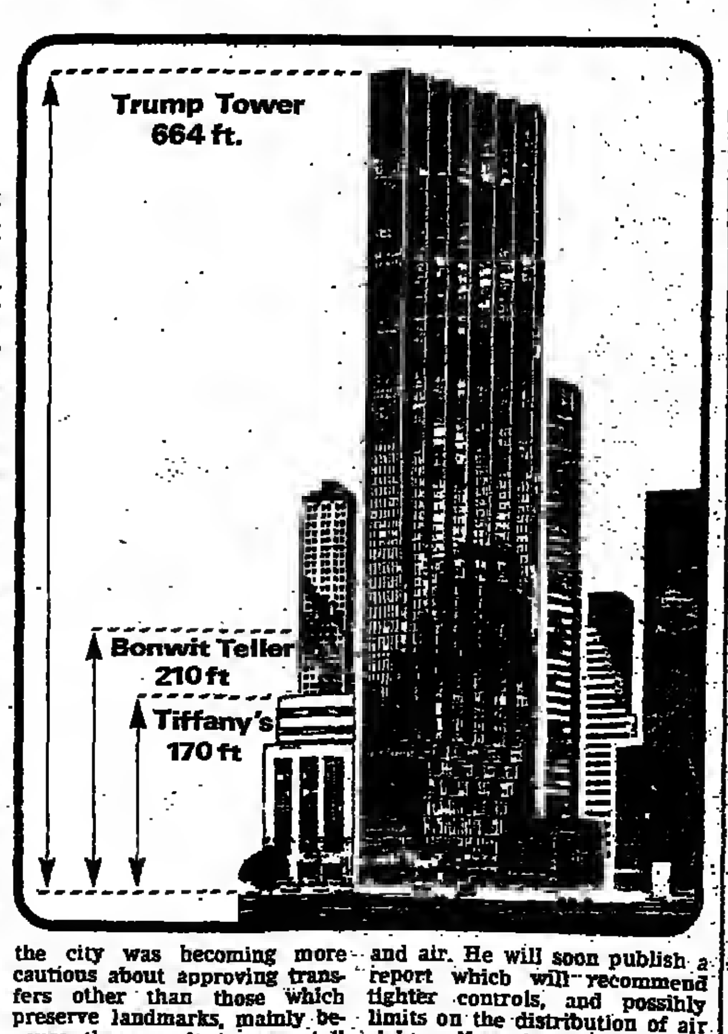
"The urban design consequences can be troublesome. I'm very concerned about Fifth Avenue and the Upper East Side," said Mr. John Costonis, a law professor at New York University and who wrote a book about transfers of development rights called "Space Adrift." Mr. Costonis believes that while transfers help to save old buildings, they are liable to abuse. "There is virtually no countervailing force," he said. Most transfers of air rights occur in business sections of Manhattan where there are no local residents to "scream and yell" about the loss of light and air from the streets.

He has proposed a solution which would force sellers of air rights to distribute them over a number of buildings so that no single structure can increase its size by more than, say, 10 per cent.

One reason why trading in air rights has flourished is that the city authorities have encouraged it. It keeps property development alive and helps raise tax income. It also makes it easier for companies to build their huge corporate headquarters in New York, which keeps jobs in the city.

But there have been signs of change recently.

The counsel to the city's Department of Planning, Mr. Norman Marcus, confirmed that the city was becoming more cautious about approving transfers other than those which preserve landmarks, mainly because they result in very tall structures which cut out light and air. He will soon publish a report which will recommend tighter controls, and possibly limits on the distribution of air rights, along the lines put forward by Mr. Costonis.



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Pressure on Haughey mounts after killings

BY STEWART DALBY

MR. CHARLES HAUGHEY, Prime Minister of the Irish Republic, is under mounting pressure to intensify the measures against republican terrorist groups, following the killing of two Gardai (policemen) by bank-robbers in Roscommon, mid-Ireland.

The gunmen are believed to be members of the banned Irish National Liberation Army (INLA), the smaller of the two main republican terrorist organisations. The larger group, the Provisional IRA, issued a statement denying responsibility.

A man arrested after the shooting is believed to be a member of the Irish Republican Socialist Party (IRSP), INLA's political wing.

Bank robberies are the main visible activity of terrorist groups in the Republic. Last year, nearly £2.5m sterling was stolen in nearly 250 armed-robberies in the Republic. In Northern Ireland, by contrast, there were 434 robberies, which brought in a haul of £586,000. Irish banks are highly liquid, in contrast to British ones.

Money from robberies is the main source of republican groups' funding. A British Army intelligence document which fell into Provisional IRA hands last year put money from bank robberies as amounting to about three quarters of all Provisional IRA funds.

The crime wave has reached unprecedented proportions in the Republic. The robberies started on a large scale early in 1977, as money from republican sympathisers in the U.S., the traditional source of funding, began to fall off because of an intensive propaganda campaign by British and Irish Governments.

Today's Cabinet meeting is likely to be dominated by the murders. Mr. Gerry Collins, Justice Minister, is likely to report on what more can be done to protect the banks. Large pay-rolls are receiving Army escorts already. Mr. Haughey might be pressured to introduce new security measures.

Mr. Haughey continued the firmer security measures agreed by his predecessor, Mr. Jack Lynch, in the wake of the murder of Lord Mountbatten last August.

These new security measures, which Mr. Lynch agreed with Mrs. Thatcher, have never been fully revealed. But it is thought they include limited overfly rights by British Army helicopters along the border, and more patrols by both the Irish Army and police on roads leading to the border.

If nothing else, the murders will take the steam oot of moves by republican supporters to abolish Ireland's special criminal courts. These courts have no juries. One special feature of them is that a man can be convicted of being a member of a prescribed organisation on the word of a senior police officer.

Southwark to utilise heat waste

A PLAN to provide homes in Southwark with central heating from waste power station heat is to be presented to the Energy Department soon, writes Maurice Samuelson.

The London borough is keen to become the first in Britain to provide district heating from combined heat and power. The Government has agreed to order its own preliminary studies of six potential sites. Southwark hopes to be one of them.

The plan was adopted this week by the borough's housing committee. It mentions the power stations at Deptford and Bankside on the Thames as possible places from which steam would be piped for home and hot-water heating.

Deptford, an old coal-burning station, would be equipped with two 250 MW units. Bankside, which burns oil, is out of use at present because of oil's high price.

The estimated cost of the scheme is £602m

Half the cost would be for new power station boilers and turbines, the rest for street mains and domestic installations.

The report on the scheme is nearly 200 pages long. It was commissioned from Orchard Partners, whose consulting engineer, Mr. William Orchard, is a leading protagonist of combined heat and power.

Maurice Samuelson sums up the accelerating search for cheaper power

Major switch from oil

SEVERAL large oil fired power stations in England and Wales have been closed or are running at lower levels than the minimum once thought necessary to avoid breakdowns.

This reflects the massive switch to coal and nuclear power caused by the ever-rising cost of oil. According to Energy Department statistics published last Friday, the amount of oil used in power stations by the Central Electricity Generating Board between February and April was 43.6 per cent below the level of the corresponding three months of last year.

The difference over the whole year is likely to be less dramatic but nevertheless the trend is unmistakable. Last year's minimum oil burn by the CEGB was, at 5¾m tonnes, half what it was in the early 1970s, and now represents less than 10 per cent of its overall fuel consumption. While nuclear power stations, the cheapest to run, provide the base load, coal carries the main burden and oil is now used mainly for marginal and peak demand.

Of 18 main oil power stations, with a total capacity of 9,000 megawatts, four have been idle for a year, and others have, in CEGB parlance, been "partly cold."

Even the biggest and most efficient oil plants, once designed to carry the base load, are now too costly to operate round the clock. They are the 2,000 MW plants at Fawley, near Southampton, and Pembroke, South Wales.

Since the beginning of the year, three of the four 500 MW generating units at both these stations have been closed at night, and on several occasions, the entire plant has been shut until early morning.

The 480 MW plant at Marchwood, a few miles north of Fawley, is at present half closed.

These measures have been caused not only by the Government instruction to switch from oil to coal, but also by the economic recession which has cut demand for electricity.

Last year's forecast of CEGB sales proved to be about 3 per cent too ambitious, representing a surplus of up to 3m tonnes of coal equivalent. Demand forecasts for the coming year are expected to point to a further fall.

This presents severe technical difficulties to the operators of the national grid, who are like housewives trying to turn the gas as low as possible without letting it go out. For example, the closure of oil burning plant in the south east has meant that much of the region's power has had to come across country on four arterial 400 kilovolt lines from coal burning plant in South Yorkshire and the Trent Valley.

This places greater reliance on these lines especially in summer when the heat can make them expand and sag dangerously. As a result, there has been a marked increase in the risk to the security of supplies.

There are also potential risks to the oil burning power stations themselves when they are run at a low operating level. The all-night closures of Fawley and Pembroke power stations have to be handled with extreme care. If their huge generator rotors are allowed to cool too quickly, they can foul the generator's casing.

There are also risks in re-heating the plant in the morning. Although smaller power stations have been operated like this for years, such a practice is virtually unprecedented among the large plants, either here or abroad, and the industry is learning as it goes along.

The squeeze on oil has prompted speculation as to whether eventually the CEGB could dispense with it completely, and rely only on coal, nuclear or hydro power.

Although this would make economic sense if coal remained markedly cheaper and more plentiful than oil, it is excluded on technical grounds.

Even so, the future of much of the CEGB's oil burning plant remains obscure. In recent years, the Board has been scrapping old plant and investing in new plant, especially nuclear. It is now likely that it will have to consider scrapping oil burning plant still far from the end of its working life.

The most dramatic example has been the decision not even to complete two of the five generating sets at the £560m Isle of Grain station on the Thames. Instead, the boilers may be sold, converted to coal, or simply scrapped.

Wimpey scheme for York site

A £10m DEVELOPMENT of a historic site in the centre of York is to be undertaken by Wimpey Property Holdings.

Wimpey's redevelopment scheme for the Coppergate site will aim to blend the city's old streets with new buildings comprising some 140,000 sq ft of shopping area, including a departmental store, a car park, 23 flats, a restaurant and a museum.

Architects for the scheme are Chapman Taylor Partners, consultant surveyors are London-based Edward Erdman and Co. and A. Stansfield and Son of York.

Dutch turbine order goes to Rolls-Royce

BY MICHAEL DONNE, AERO CORRESPONDENT

ROLLS-ROYCE'S industrial and marine division has won an order to supply two Olympus-powered gas-turbine generating sets to the energy authorities in The Hague, Holland.

This is part of a £10m contract awarded to the Dutch company, Stork Boilers, by Gemeentelijk Energiebedrijf Den Haag.

The Rolls-Royce share of the deal brings to £250m the outstanding order book of the industrial and marine division for gas-turbines in industrial and marine roles.

Rolls-Royce has also unveiled a £2m private venture project which is helping to win further export orders.

This is a 30,000 kilowatt SK-30 Olympus packaged gas-turbine power station, constructed at Birmingham's Hams Hall, as a shop-window for the world's electrical authorities. In addition, it is acting as a demonstration unit for Rolls-Royce engineers.

Orders for the new SK-30 design have already been won from South Africa, Saudi Arabia, Egypt, Holland and the North Sea oil and gas industry. These are worth a total of £38m for 19 units.

● The Thai cabinet has approved an order by Thai Airways for a fourth Boeing 737, worth $12.7m. Of this, 15 per cent will come from Thai Airways' own funds and the rest from the U.S. Export Import Bank.
Reuter

● General Connectors Corporation of Burbank, California, the U.S.-based aerospace subsidiary of Bestobell, is to supply specialised duct assemblies for the Boeing 767 aircraft worth £1½m.

Increases in house prices continue to slow

BY MICHAEL CASSELL

HOUSE PRICES continued to slow down in the second quarter of 1980, according to the Nationwide Building Society.

Nationwide says average prices rose by only 3 per cent between April and the end of June, against 4 per cent in the previous three months.

There were considerable regional differences in the rate of increases recorded, the biggest rises (6 per cent) being in the east Midlands and east Anglia, and the lowest (2 per cent) in the south-east.

The rate of increase in house prices is now running at about 1 per cent a month, says the society.

Mr. Leonard Williams, chief general manager of Nationwide, said that average earnings were now rising faster than house prices. In the first half of this year the increase in average earnings was estimated at 11 per cent compared with a 7½ per cent rise in average house prices.

As a result, the ratio of average house prices to average earnings has fallen from a peak of 3.75 times average earnings in the last quarter of 1979 to 3.6 now.

Mr. Williams also said, however, that average house prices were still well above their long term average of about 3.3 times average earnings, and further readjustment—similar to that in 1974-77 after the 1971-73 house price boom — would require a considerable period in which house prices rose more slowly than earnings.

Mr. Williams said Nationwide had increased mortgage lending in the second quarter to £90m a month, so prospects for home buyers were beginning to improve.

As well as lower house prices in relation to earnings, last week's reduction in MLR was the first small step towards more mortgages and eventually lower mortgage rates. Further reductions in competing rates would be necessary, he emphasised, before societies could consider reducing their own rates.

Local authority spending 'wildly out of control'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

LOCAL AUTHORITY spending is wildly out of control and the central Government can do little under existing legislation to prevent overspending, stockbrokers Hoare Govett argue in their latest economic review.

The brokers estimate that on present calculations, before the full implementation of the teachers' pay awards, local authorities are set to overspend in 1980-81 by £863m, while cash balances are projected to drop by £289m.

The weaknesses inherent in the cash limits system are blamed for this position.

In another new brokers' review, James Capel and Co say last week's reduction in Minimum Lending Rate suggests the Government has strayed temporarily from its stated policy of not cutting interest rates until money supply growth is within the target range, to a policy of intuitive optimism.

James Capel maintain that the cut in MLR should not seriously deflect the authorities from achieving their targets. Consequently, the firm does not interpret the move as a "U-turn" but as more of an "S-bend" in that the Government's ultimate objectives remain unchanged.

An even more bullish view has been put forward by brokers Panmure Gordon. The firm says that in the current recessionary phase a 16 per cent MLR is almost as illogical as 17 per cent. "We expect a further one point cut to 15 per cent by the end of July, though after that there will be a pause until October."

Electrical retailers make plea on origin marking

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

ELECTRICAL appliance retailers have told the Government that there is no demand from consumers for the country of origin to be marked on electrical goods.

The Radio, Electrical and Television Retailers' Association was commenting on Department of Trade proposals for making the marking of the country of origin compulsory. The proposals, to be published this autumn, will also apply to other consumer goods, including clothes, textiles, footwear, and cutlery.

The association says the proposal for marking goods at the point of retail sale is "not acceptable." Apart from the time and cost involved, "it would not be fair or practical to expect retailers to be responsible for placing information of this nature on products supplied to them."

Ministers face new pressure on top pay

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

MINISTERS are likely to find themselves under pressure during the coming months to raise salaries of the chairmen and board members of some nationalised industries following Monday's announcement that these senior public servants are no longer to be covered by the Boyle Top Salaries Review Body.

In theory the new levele of salaries announced by the Prime Minister are intended to last at least for a year, and any industry which tries to raise all its top salaries in the near future will receive short shrift in Whitehall.

But there are a number of key vacancies now open, or which will need to be filled soon, and the Government has been baving difficulties finding candidates st the existing pay levels. The new increases, roughly balf the amounts proposed by the review body, will do little to aolve the problem.

Large enough

The main chairmanship vacant ia at British Telecom, soon to be hived off from the Post Office. Although it has not been fixed, this dndustry is likely to he rated within the Boyle system alongside British Steel and the existing combined Post Office wbose cbairmen are on £53,000 following Monday's announcement.

It remains to be seen whether this proves large enough or wbether, as is widely expected, a salary of £80,000 or more eventually has to be offered to fill this key public sector post.

A new chairman is also needed by the end of the year to succeed Mr. Ross Stainton at British Airways, where the new salary is £48,000. Next year Sir Peter Parker is due to be re-appointed — or replaced — as chairman of British Rail which now carries the same ealary. Sir John Hill, who now earns slightly less, is also expected to retire early next year from the chairmanship of the UK Atomic Energy Authority.

These appointments will test the willingness of the Government to pay the market rate for chairmen in conventional salary terms instead of inventing special arrangements such as the "transfer fee" of approaching £2m agreed to attract Mr. Ian MacGregor to become rbairman of the British Steel Corporation.

Also, the need to recruit specialist board members in some industries—the Post Office for example needs an extra finance director—will mean that rates higher than those announced on Monday will sometimes have to be paid. This may well lead to a general review of individual industries' board salary levels once a high rate is fixed for a new appointment.

How the new system will work in detail is not yet known because Ministers only finally decided to take the industries out of the Boyle arena a few days ago.

Senior civil servants involved have held only tentative talks among themselves, and the Nationalised Industries Chairmen's Group will consider the issue at a routine meeting on Friday.

Eventually, following the practice of the private sector, the non-executive members of a board may regularly review salaries with the chairman (possibly with the help of a management's consultant's report). This review would embrace top management as well as board members and should therefore gradually end the problem of board members often earning less than executives who report to them.

The level of wage increases being paid generally in the industry concerned would be considered and recommendations would be made to the Minister concerned. As the Prime Minister stressed on Monday, increases would then be agreed in conjunction with the Civil Service Department, which is likely to want to maintain a strong central influence over what bappens. The Prime Minister berself would be involved in vetting key decisions.

Efforts may ba made to stagger the reviews in different industries, so that they are not all announced together, in order to lessen the political impact of any increases.

Major increase

What seems most likely, however, la that, if there are to be any major increases paid during the next year or two, they will emerge when new appointments are made rather than berause of an annual or biennial review.

There is also likely to be considerable confusion. As one frustrated chairmen said yesterday: "The only thing one can be sure of is that there will continue to be a muddle, with civil servants trying to wield control, and with different Ministers fighting their corners with varying degrees of strength and interest.'

Demonstrators stop nuclear waste train

BY JAMES McDONALD

ANTI-NUCLEAR demonstrators yesterday balted for some bours a train carrying radioactive waste by erecting a scaffolding barrier across the line outside Dursley in Gloucestershire.

Seven people were arrested before the line was cleared and the train carried on to Sbarpness docks on the Severo.

The waste—nearly 108,000 curies of radio-activity and weigbing in its concrete and steel containers nearly 2,700 tonnes—was to be off-loaded at Sharpness into a sbip and dumped into tha Atlantic 500 miles south-west of Land'e End, where the aea is 2¾ miles deep.

The Department of the Environment announced some details of tha waste disposal programma, but not the train time, last week. The operation, by the UK Atomic Energy Authority, was carried out in accordance with interoationally agreed procedures and under international surveillance.

The demonstrators hired the scaffolding in Bath for about £100 and arected the harrier at dawn. The train stopped near it, and a British Rail spokesman said later the protestors' action was "grossly irresponsible and extremely foolish. Had this train been going through at a time when the light was not so good it could have ploughed straight through this obstruction, possibly injuring the demonstrators and the crew."

But the Atomic Energy Anthority said there was no danger to the load, which was "no more harmful than a train load of cement."

The protest ended after four bours when police tied ropea to tba scaffolding to pull it down. They had brougbt a tractor load of bay so that demonstrators on tha scaffolding would not be injured in the fall. Some of the demonstrators jumped from the obstacle to the roof.

British Rail said there would be an inquiry into how the protesters discovered the route and time of the train, which were supposed to be secret. The train bad started its final leg of tha journey to Sharpness from Didcot in Wiltshire.

David Fishlock reports on Britain's annual radioactive spring-clean

Dumping atom refuse in the deep

ONCE A year Britain spring-cleans the radioactive refuse from its 6,000 or so premises—laboratories, bospitals, factories, etc.—licensed to use radioactive materials. At a half-dozen places this refuse is being sealed in concrete drums for the annual sea dump into the Atlantic.

The annual sea dump disposes of radioactive waste from a great variety of national activities involving radioactive substances: medical diagnosis and treatment, and the manufacture of drugs, as well as activities associated with nuclear electricity generation and nuclear weapons. The refuse includea filters from ventilation stacks, glass, plastics and paper, and sludgy residues from cbemical processes.

Six centres in the South of England and in Wales, accumulate this refuse, entomb it in concrete, and seal it in drums for dumping on the seehed. One is Harwell, the Atomic Energy Research Establishment near Didcot, from which came the train hald up on a branch line in Gloucestershire yesterday.

Four years ago Sir Brian (now Lord) Flowers, then chairman of the standing Royal Commission on Environmental Protection, in his report on the nuclear-power programme urged the Government to set up a Radioactive Waste Management Committee, independent of the nuclear industry. One of his aims was to bring into Government a source of expert advice and criticism on its handling of radioactive waste.

This committee, in its first report to the Government only two months ago, was sanguine about the way Britain was using the oceans to dispose of certain kinds of radioactive rubbish. "We think thia could be somewhat increased," it concluded.

It went on to add that additional increments of radioactivity on the scale being proposed would be in comparison with the natural background radioactivity of the sea, "a drop in the ocean." Taken together with its confidence in the safety of the sea dump itself, which could be evaluated scientifically, said the committea, it believed "that an inrrease in the annual dumping rate of the order of 2,000 curies of alpha activity is a reasonable objective for the UK."

Four countries practise deep-sea dumping in the North-East Atlantic: Belgium, The Netherlands, Switzerland and the UK. Britain'a contribution accounts for about 80 per cent of the total. For this reason it takes responsibility for the sea dump, some 500 miles south-west of Lands End, approval for which must first be obtained from the Secretary of State for the Environment and the Minister of Agriculture, Food and Fisberies.

Only mildly radioactive materials are dumped at sea. The highly radioactive liquids remaining after reprocessing of spent nuclear fuel are stored at the reprocessing plants at Windscale and Dounreay. Eventually these, too, may he dumped on the seabed, after solidifying them into glass ingots. But no final decision on their disposal is likely to he taken for at least another decade.

Meanwhile, precious-metal refiners are ahowing a fast-growing interest in the possibility of "mining" these radioactive liquids as a source of such precious metals as iridium.

The radioactive refuse currently dumped at sea in carefully selectad locations is first sealed into contaloers designed to retain their integrity all the way down to the seabed, and thereafter to leak their contents as alowly as possible.

Nevertheless, the safety assessments made by the OECD's Nnclear Energy Agency in Paris, as tha organisation which supervises the sea dump, are based on very conservative assumptions, says Mr. L. G. K. Williams, its director-general. "One such assumption is that the radioactivity ia immediately released when the containers reach the ocean floor."

It has been proposed that the sea in the vicinity of the sea dump should be monitored for any rise in radioactivity. Britain's new "watch-dog" agency on radioactive waste management has examined this idea and concluded that regular monitoring would be a waste of time. So great is the dilution in the deep ocean that even under the worst imaginable circumstances the leakage of radioactivity would be beyond the bounds of detection.

But tha committee concedes that, so emotional is the whole issue of nuclear waste and its disposal, "monitoring can provide a degree of reassurance."

Platform builder plans to join oil and gas search

BY RAY DAFTER, ENERGY EDITOR

HOWARD DORIS, one of the UK's major constructors of offshore oil production platforms, plans to venture into North Sea oil and gas exploration.

The group intends to bid for new seventh round licences as a member of consortia involving major international oil companies.

Howard Doris, which has a platform construction site, in the North-West Highlends of Scotland, is discussing with oil companies the composition of consortia likely to bid for exploration concession in both the North Sea and the English Channel. Bids are due to be submitted to the Government by August 11.

The group, whirh has built platforms for the Ekofisk, Frigg and the Ninian fields, is believed to be the first constructor to attempt to diversify into exploration.

Mr. Lee Finkel, the director of Howard Doris responsible for the planned venture, said: "Being an oil-related company we see this step not as mere financial speculation hut as a logical development of our bard-won experience with deep-water structures."

The group, which employs 650 workers at its Kiahorn site, developed at a cost of £60m, said it hoped that there would be some ordering spin-off from exploration interests.

The company said that if it was a member of a consortium which found commercial quantities of oil it would be in a good position to ensure that Kishorn was at least included on the platform construction tender list.

Howard Doris, which is building part of the production facilities for Phillips' Maureen Field, has set up a Scottish registered subsidiary, Howard Doria Exploration, a spearhead the drilling venture.

● Occidental, the U.S.-based operator of the Piper and Claymore fields is expected to order a purpose-built floating production platform to exploit small oil finds in the North Sea. If the company implements the scheme UK shipyerds ere almost certain to be invited to tender for the construction contract, which could be worth about £50m.

For the past year Occidental has been evaluating schemes for owning or chartering a floating production unit that could exploit small oil finds close to the Claymore Feld or possibly other discoveries. Two years ago the group made a minor oil discovery on block 14/18, in the concession next to the block containing Claymore, but two subsequent wells were dry.

Although Occidental is thought to be moving closer to a decision, no formal prooosals bave been put to its partners or to the Energy Department. Occidental's partners in Piper end Claymore are Getty, Allied Chemical and Thomson. BNOC joined the consortium for drilling in block 14/18.

BP strikes more North Sea oil

By Sue Cameron, Chemicals Correspondent

BRITISH PETROLEUM said yesterday that a North Sea oil well drilled with Chevron Petroleum has confirmed a significant field immediately sonth of tbe big Ninian Field, writes Ray Dafter.

The group said that the well bad been temporarily capped while engineers evalnated the drilling results. Within the industry it is thought that the move indicated BP would return to the site and use the well for prodnction purposes.

Oil was tested at fonr levels. Flow rates of 3,688, 100, 4,874 and 6,520 herrels e day respectively were recorded. As reported in the Financiel Times on Thursday, the reservoir was hydraulically fractnred to improve the oil flow rate.

It was the first time that such a stimulation technique has been used for a semi-submersible drilling rig in the North Sea. Fluid was pumped under pressure in to the oil-bearing rock and the resultant cracks were then kept open hy a sand-based propping agent.

The reservoir, which stretches from block 3/7 into block 3/8, is very close to an oil discovery ennonnced by BP a fortnight ago. Industry estimetes suggest that the combined recoverable reserves of the two fields conld be at least 100m to 200m harrels, enough to justify commercial development.

Sealink UK fares up

SEALINK UK is to increase fares on the Hull-New Holland and Gravesend-Tilbury routes from August 10. The single passenger fare from Hull to New Holland goes up from 67p to 76p and the rate for an accompanied car more than 13 ft 6 in long will be £4.55, from £4.

The single passenger fare from Tilbury to Gravesend la increased from 46p to 52p.

Oriental manuscript sells for £850,000 in record day

IT WAS a day of record prices at London salerooms yesterday, with the most important—and rare—item, Rasbid Al-Din's "World History," going for £850.000 at Sotheby's against a pre-sale estimate of around £300,000.

The manuscript, which dates from 1314, was sold by the Royal Asiatic Society and bid for hy e Geneva agent on behalf of an anonymous buyer. The work, which in one folio shows Shakyamuni offering fruit to the devil, was carried out at Rashid Al-Din's scriptorium near Tabriz under the patronage of the Il-Khanid ruler, Uljaytu. Rashid Al-Din was executed in 1318 when he was in his 70s, and the scriptorium was plundered.

"World History" is thought to have been acquired in India in 1813, and later in England by

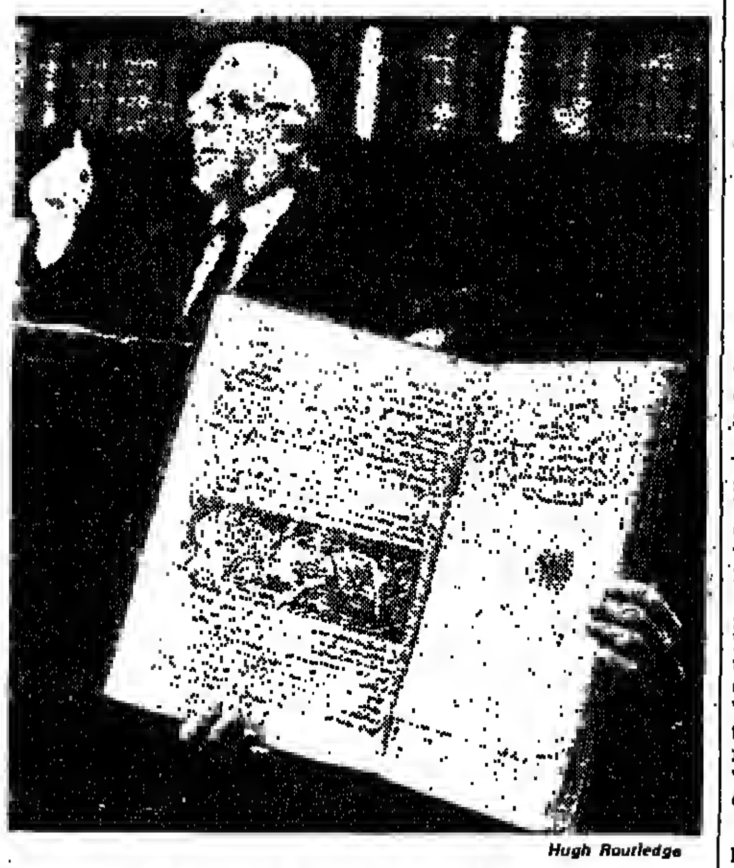
SALEROOM

BY PAMELA JUDGE

Major-General Thomas Gordon through whom the society was left the work. It bas been sold to raise funds.

Other prices in Sotheby's sale of Oriental scripts, miniatures and Qajar lacquer were £8,000 for a blue vellum Qur'an leaf, £7,500 from the Victoria and Albert Museum for an album page with two Safavid drawings, and £5,500 from Colnaghi for an illuminated Qur'an leaf in Kufic script. The second and last day of the auction totalled £924,969.

English and Welsh porcelain sold by the same house amounted to £84,740, with the Welsh items attracting £28,060. The highest price was £3,000 for a set of Bow knife and fork bandles en euite. A Swansea ice pail, cover and liner of about 1814-22 went to a Welsb buyer for £2,200.



Hugh Routledge

The £850,000 manuscript being displayed yesterday

At Christie's the world record was for a German wheel-lock bolster pistol, circa 1600, which went to Howard Ricketts for £110,000. Mr. Ricketts was dealing for a private collector living abroad. The eale of antique arms and armour made £261,172 and a private collector living in England gave £7,000 for a wheel-lock rifled carhine.

The head of a youth in a turban by Giovanni Battista Tiepolo was the highlight of the sale of Old Master drawings by the same house. Executed in hlack chalk, pen and brown ink and brown wash, it realised £10,000. The total for the morning was £111,470. Japanese prints, paintings and screens amounted to £38,507 with Shogun, Japan, giving £2,400 for a Choki diptych of courtesans in a Green House.

Spink's record was for an English coin—£45,000 for a Charles I gold triple Unite (a £3 piece) of 1642 from the Shrewsbury Mint. In a West Country sale in 1868 the same coin sold for £11,000. The previous record for a British coin was £33,415 for a Scottish James VI £20 gold piece.

Air UK to cut staff by 98

BY MICHAEL DONNE, LISA WOOD AND ROBIN REEVES

THE DECLINE in air traffic in the UK as a result of the recession has prompted Air UK, the independent airline formed by merger of British Island, Air Anglia and other airlines, to lay off 98 staff.

They represent about six per cent of the total staff of 1,700, and rover all aspects of the airline's operations — middle-management, pilots, reservations and clerical workers, engineers and other ground staff.

Mr. Peter Villa, managing director, said that when the airline was formed recently it had been hoped to avoid redundauncies. But decline in air traffic this summer had forced reconsideration.

Redundant personnel were given notice on July 1 and will leave on July 31, Mr. Villa said the measures were to ensure the company's well-being. He was "obviously very sorry" for those redundant but it was management's responsibility "to consider the continued employment of the majority."

Catnic Components, of Caerphilly, Mid-Glamorgan, where employees this week agreed to a cut in wages to help the company out of difficulties, has now made more than 50 workers redundant. Senior managers and office staff were told they conld leave immediately and still receiver full redundancy pay.

Mr. Jim Lane, production director, said: "We are letting workers go immediately so they can look for other jobs. We will still be going ahead with the wage-cut plan. If that bad not been agreed, the company as a whole would have suffered and we would heve lost our competitive edge."

All 350 remaining workers, including the managing director, agreed to the wage cut. The company makes steel lintels for tha building indnstry and blames the recession in the building trade for the drop in demand.

Crane Fruehauf, Britain's major trailer-maker, is making more than 25 per cent of its 2,738 workers redundant. The Norfolk-based company attributed the 765 redundancies to an "unprecedented fall" in demand and "the consequent need to align the size of the business."

The redundancies affect its Oldham, Lancs, plant where about 140 jobs will be lost from a total 465; 200 out of 900 workers at Dereham, Norfolk; 330 of 640 at North Walsham, Norfolk; and 70 out of 132 at Basildon.

In 1979 CF made a £1.3m profit on a £79m turnover in spite of trade being affected by the haulage dispute and engineering industry problems.

Meanwhile the British Steel Corporation's tin-plate group is considering applying for aid under the Government's temporary short-time working compensation scheme in an attempt to avoid lay-offs.

Holiday shut-down periods at all three BSC tin-plate plants in Wales—Trostre, Velindre and Ebbw Vale—have been extended already because of the low level of orders since the three-month steel strike ended.

But the corporation's tin-plate order-book is still looking "very sick." Deliveries of imported tin-plate ordered by BSC's traditional customers during the strike bava arrived late; poor summer weather has hit soft-drink sales, holding hack orders from canners; and there is a growth in imports of canned foods.

BSC bas beld discussions with representatives of the 9,000 tin-plate workers at the three plants. More talks are due today to complete a joint management-union application to the Government for temporary aid.

Honda and Toyota sales up in 1980

ONLY FOUR producers have sold more cars in the UK in the first six months of 1980 compared with the same period last year. They are Honda and Toyota, of Japan, Mercedes, of West Garmany, and Volvo, of Sweden.

Honda's progress—a jump of 40.4 per cent in sales from 8,552 to 13,411 over the half-year—was to a great extent caused by a technicality. A hold-up on its 1980-specification cars' technical tests (the so-called homologation process) cauaed a 10-week backlog to be released in the UK in January and February this year.

At the same time the company has decided to move sales of some of its ellocation from Japan into the first half of the year.

The importing company is a wholly-owned subsidiary of the Japanese group. It said yesterday that by tha year-end it would expect to register 22,500 cars, about the same as 1979, for a 1.2 per cent market share against 1.04 per cent last year.

Volvn Concessionaires, the Lex Croup subsidiary, has built up market sbare from 1.97 to 2.37 per cent and increased volume from 20,355 to 20,611 or by 1.3 per cent over the six months.

The boost has come from the introduction of the manual version of the 343, the smaller Volvo (although actually it is Cortina-sized), wbich has lifted sales by 58 per cent from the time when only the automatic was available.

And, as Dr. James Maxmin, the cbief executive of Concessinnaires pointed out: "These results were achieved without offering the customer a series of short-term promotional gimmicks."

Concessionaires rlaims that its 1980 performance had taken it from seventh to fifth place in the importers' league and Volvo was now ahead of Peugeot, Toyota and Citroen.

Toyota's sales have been helped by what was virtually a cnmplete chenge in most of its range this year. Sales by the Inchrape group subsidiary over the six months rose from 17,685 to 18,392, pushing its penetratinn up from 1.72 to 2.12 per cent of the market.

The increase in Mercedes' registrations — from 4,488 to 4,989—has been possible because the allocation from the German factory to its UK suhcidiary has been lifted this year from 9,000 to 10,000. Demand for tha compact saloons, diesel-engined saloons and the "S" class models remains particularly high in the UK.

● At the other end of the scale, Fiat, the Italian group whose share of the UK market has fallen by more than a quarter in the first half of this year, yesterday cut the price of the 128 saloon hy 8 per cent, or by £250 to £3,099. The 128 was "Car of the Year" in 1969. Fiat has also introduced a schema offering 5 per cent finance on all its cars end light vans.

UK CAR REGISTRATIONS

	June 1980	%	June 1979	%	6 months ending June 1980	%	6 months ending June 1979	%
Total UK produced	50,795	41.10	88,071	44.00	368,500	42.40	459,604	44.56
Total imported†	72,803	58.90	112,102	56.00	500,668	57.60	571,726	55.44
Total market	123,598	100.00	200,172	100.00	869,168	100.00	1,031,330	100.00
Ford*	45,487	36.80	528,74	26.41	284,618	32.75	293,242	28.43
BL*	16,292	13.18	41,645	20.80	155,374	17.88	211,550	20.51
Peugeot SA—Talbot*	5,427		14,200		51,228		77,021	
Citroen	1,770		3,841		16,467		19,363	
Peugeot	1,456		4,320		14,425		22,870	
Total Peugeot SA	8,653	7.00	22,361	11.17	82,120	9.45	119,254	11.56
General Motors—								
Vauxhall*	8,720		12,445		66,347		68,399	
Opel	1,310		3,025		12,493		16,452	
Other GM	98		115		560		648	
Total GM	10,128	8.19	15,585	7.79	79,400	9.14	85,499	8.29
Renault	8,615	6.97	10,541	5.27	52,825	6.08	56,641	5.49
Datsun	9,247	7.48	11,158	5.57	46,785	5.38	55,512	5.38
Fiat Auto—								
Fiat	5,718		10,448		25,854		42,375	
Lancia	378		1,017		2,498		5,961	
Total Fiat Auto	6,096	4.93	11,465	5.73	28,352	3.26	48,336	4.69
VW/Audi	5,203	4.21	10,374	5.18	34,807	4.00	43,424	4.21

* Includes cars from companies' Continental associates which are not included in the total UK figure.
† Includes cars from all sources including cars from Continental associates of UK companies.

Source: Society of Motor Manufacturers and Traders

Illegal gaming alleged at Coral casino

LARGE-SCALE unlawful credit gaming took place at one of the Coral Leisure Group'e four London casinos, it was alleged yesterday.

From 1976 metters at tha Curzon House casino went from bad to worse, Mr. John Marriage, QC, told South Westminster Licensing Justices.

A ring of cashiers pooled tips —unlawful under the Gaming Act—and a vast amount of foreign currency was sold.

Eventually "senior management was forced to carry out an investigation and tha result was that all these matters came to light."

But Mr. Bryan Sherley-Dale, managing director of the casino group, largely suppressed the results of the investigation said Mr. Marriage.

Mr. Marriage appeared for the Metropolitan Police who, with the Gaming Board, are applying for cancellation of the gaming licences for three Coral casinos, and objecting to their renewal.

Mr. Marriage said that a cashier, at the Palm Beach, Mr. Peter Coulson, bad received about £200 from the unlawful sale of currency. And at a fourth Coral casino, Crockfords, more than £10m of cheques, held on credit, were returned to punters over a three-year period, said Mr. Marriage.

Under the Gaming Act cheques must be banked within 48 bours.

There was evidenee that Coral'a casinos were making e monthly profit of £1m, said Mr. Marriage. Loss of the licences would be "serious, if not catastrophic," to the group.

Tha bearing continues today.

Weyrock puts £2m into plant

MORE THAN £2m is to he spent modernising equipment and expanding tha Weyrock chipboard factory at Thetford, Norfolk.

The Swedisb Match Company, of which Weyrock is a subsidiary, approved the expenditure even though the industry in England is going through a difficult time.

Modernisation should be finisbed in autumn 1981. The company bopes to increase output by 60 per cent. The workforce of nearly 100 will not be increased significantly.

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Thorneycroft cautions hardliners not to sabotage Employment Bill

BY IVOR OWEN

HARDLINE TORY peers and MPs were warned last night that any attempt to outlaw all blacking or other sympathetic action could well sabotage the Government's entire strategy for curbing trade union power.

The warning was given by Lord Thorneycroft, the Conservative Party Chairman, in the House of Lords when he vigorously defended the "softly softly" approach to trade union reform adopted by Mr. James Prior, the Employment Secretary, and embodied in the Employment Bill.

He joined with Earl Gowrie, Minister of State for Employment, in arguing against amendments introduced by Tory backbench peers—with some support from the cross benches—designed to put more teeth in the section of the Bill restricting secondary action in an industrial dispute.

Lord Thorneycroft virtually admitted that in their present form the provisions in the Bill do not provide the full protection against secondary action envisaged in the Conservative Party's election manifesto.

But he maintained that it was in the national interest to see if the less restrictive provisions of the Bill could be made to work.

If they did not work, any further action would be decided not just by Parliament but by millions of trade unionists themselves who had already shown that they were weary of the events which marked the "winter of discontent" in Labour's last year of office.

Lord Thorneycroft suggested that in the event of another major wave of industrial unrest, throughout the country, the issues would have to be tackled not by a minor amendment to the present Bill but by a major amendment going to the very fundamentals of the trade union movement.

"For my part I pray that this Bill as it is drafted today will work," he stressed.

Lord Thorneycroft recalled that the trade union immunities which some Tory peers and MPs now wanted to eliminate entirely, had been in operation for almost a hundred years and had been used wisely by the outstanding trade union leaders of the past like Arthur Deakin and Ernest Bevin.

They had been able to use the immunities without doing great damage to the country and he believed that that should still be possible.

Moving the key amendment, Lord Spens, a cross bencher, complained that the section of the Bill dealing with secondary action went far too wide in permitting the continuance of basic trade union immunities.

He maintained that in the event of a national coal strike secondary action would still be permissible by railway workers, lorry drivers and by power station workers to the extent that they refused to use coal provided by another source.

Lord Spens also maintained that the Commons had not been given sufficient time to consider the provisions on secondary action. This position would be remedied if peers were to approve the amendment and so ensure that the Bill had to be returned to the Commons.

Lord Gowrie maintained that the Commons had already been given adequate opportunity to consider all the arguments advanced by those who supported the amendment moved by Lord Spens. He urged peers to consider the amendment on its merits alone and not to respond to "politicking" by Tory backbenchers anxious to revive the controversy on the floor of the Commons.

If all secondary action were to be outlawed this would provide the ammunition which trade union militants were anxious to obtain to enable them to mount the same kind of campaign which had rendered the 1971 Industrial Relations Act ineffective.

Thatcher's warning on miners' pay claim

By Philip Rawstorne

THE MINERS' pay settlement would determine the price of electricity next year, Mrs. Margaret Thatcher warned in the Commons yesterday.

But the Prime Minister, amid angry exchanges with Mr. James Callaghan over further possible pit closures, calmly brushed aside the miners' 35 per cent pay claim.

Mr. Michael Shersby (C., Uxbridge) suggested that the claim was "totally unrealistic" in the present economic situation.

The National Coal Board and the miners' union should be encouraged to reach a more moderate settlement, he said.

Mrs. Thatcher replied: "This is the season of trade union conferences and Parliament gets accustomed to a number of high claims.

"It is not so much the claims, it is the settlements I am concerned with as is anyone interested in the costs and price of coal this year and the price of electricity.

"What the miners decide will determine the price of electricity next year," she declared.

Mrs. Thatcher paid tribute to the miners for their improvements in productivity but suggested that many were happy with their existing pay.

That was evident from the reports of young people queuing up to earn £147 a week at the coal face, she said.

Mr. Callaghan asked her how she proposed to protect the people of South Wales and elsewhere from the "ravages of Government policy."

Was she prepared to see viable coal mines closed down, he demanded.

The Prime Minister retorted that taxpayers were already paying a substantial subsidy to the coal industry. The external finance limit was £834m.

"The trouble is we have to have a subsidy for far too much," she asserted. "Steel coal, British Leyland, shipbuilding, electricity."

To Conservative cheers, she added: "It is one thing after another. You must remember that some industries have to produce these subsidies."

Mr. Callaghan said the greatest fear in South Wales was that the steelworks at Port Talbot and Llanwern would be closed and would lead to the closure of coal mines which were capable of producing coal efficiently.

Those were questions for British Steel and the National Coal Board, Mrs. Thatcher replied.

Backbench attack on Planning Bill

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT came under attack from its own backbenches yesterday over its proposals to penalise local authorities who overspend on their rates.

The scheme has already met strong opposition from the local authority associations, several of them Conservative controlled.

Mr. Anthony Beaumont-Dark, (C, Selly Oak) denounced the proposals as "dictatorship" in the Commons yesterday and said that he would not vote for it.

From the Opposition front bench, Mr. Roy Hattersley, Labour's Environment spokesman, condemned the measure as "intolerable."

The criticisms came during the report stage of the Local Government Planning and Land (No. 2) Bill which is intended to give Central Government greater control over local authority spending.

It will introduce a block grant system next year under which local authorities who spend above their assessed "standard expenditure" will get less money. If expenditure rises above a threshold figure, the Government grant will be tapered off.

For the current year, transitional arrangements are being introduced. A notional rate has been set and authorities who exceed a threshold spending figure—still to be announced—will be penalised in November. This will be done by reducing the money normally due to them, under the increase order which compensates them for rises in prices and pay over the year.

Mr. Beaumont-Dark, who was formerly Chairman of Finance in Birmingham and West Midlands, made a bitter attack on the transitional arrangements and the block grant. He said there were ways of controlling local authorities without using a big hammer to stop a few "nuts" who were overspending.

"It is no part of my philosophy to have a Government set itself up as a great dictatorship because of a temporary problem," he protested.

"This is a time not to war on local authorities, it is a time to talk to them. This clause on transitional arrangements and other clauses will damage the fabric of local Government for many years to come. This damages—it does not build."

He said there was no such thing as a notional rate nor an average local authority. Local Government was about the democratic right of people to make their own mistakes.

"Councils are as much elected to serve their people as we are here. It is wrong to try to dictate a system which has not been accepted or understood."

But the Government received support from another Conservative backbencher, Mr. Eldon Griffiths (Bury St. Edmunds). He said it would be madness for the Government to turn its face away from its responsibility for the needs of the taxpayer and the need to control inflation.

Mr. Tom King, Local Government Minister, said that expenditure by local authorities this year was 5.6 per cent higher than anticipated. The Government would not be able to give further details of how the transitional arrangements would apply until the end of September at the earliest.

He denied accusations that the arrangements were a form of retrospective legislation. Adjustments would be made to the increase order in November and warning of this had been given last November. It would also be subject to the approval of Parliament.

Beaumont-Dark: Denounced proposals as "dictatorship"

"The charge of retrospection is unacceptable," he declared. Ministers had to act responsibly as trustees between the competing claims of local authorities.

The Bill would not reduce the total amount of money going in Government grant to local authorities. It would, however, influence the distribution of the money between the different councils.

"What happens at the present time is that to those with the highest levels of expenditure more is given and from those who have been more prudent it is taken away," said Mr. King.

Mr. Hattersley observed that after the Minister's speech the House knew no more about how local authorities were to be punished than it did at the beginning of the debate.

He complained that the proposals allowed Mr. Michael Heseltine, the Environment Secretary, to construct whatever rules he wanted for punishing councils. To make matters worse, it would be done retrospectively.

Mr. Hattersley moved an amendment which would, in effect, have wrecked the Government's transitional arrangements. It proposed that the Government should only be allowed to reduce the money going to local authorities later this year if it informed them of the size of the reduction by July 1.

The amendment was defeated by a Government majority of 33 (241-274).

Move on detaining suspected terrorists

THE GOVERNMENT yesterday dropped the power to detain suspected terrorists indefinitely and without trial from the Northern Ireland Emergency Provisions Order laid before Parliament yesterday.

Under the measure, security forces have had the power to hold suspects for any period.

It was introduced in August 1971. More than 2,000 people were held under the measure between then and February 1975 when the last order under the measure was made. The last detainee was freed in December 1975.

But Governments since then have felt the need to keep the power in reserve, though it was never used after that time.

The Government intends yesterday's move to be seen as part of its policy of returning normality to the province and of putting suspected terrorists through the courts.

The order has to be debated in the Commons before the present six monthly order expires on July 24.

Scrapping D-Notice 'of little consequence'

BY LYNTON McLAIN

SCRAPPING THE D-Notice system of voluntary rules covering publication of defence secrets would make little difference to the day-to-day operations of journalists in the BBC and in independent broadcasting companies, MPs were told yesterday.

Mr. Richard Francis, the director of news and current affairs at the BBC, told the House of Commons Select Committee on Defence that the media could manage without D-Notices in peacetime, until hostilities are imminent.

Mr. Francis is a member of the Government's Defence, Press and Broadcasting Committee. This issues the D (for defence) Notices advising editors and broadcaster of defence topics which, if published, may jeopardise Britain's national security.

He told MPs that the BBC, on the committee, had always supported the D-Notice system as an "essential backstop where national security issues are at stake."

D-Notices set down a voluntary code of conduct for editors on sensitive defence matters. They carry no legal sanctions against editors who choose to ignore the advice, but a more rigorous system could be "counter-productive except in time of a state of emergency or a state of war," Mr. Francis said in a note to the MPs.

The BBC believes that in peacetime, "effective legislation" covering defence matters and the exercise of responsibility by journalists are the best measures. At the moment editors "continue to be concerned about the lack of certainty surrounding the workings of the Official Secrets Act.

The Act was like a "sword of Damocles held over many journalistic activities by an extremely rusty chain." This uncertainty has tended to undermine the D-Notice system.

Mr. David Boulton, the head of current affairs at Granada Television, told MPs that: "We carry on our business of making television programmes without ever thinking of the D-Notice system."

Kinnock's claim 'was hyperbole'

SHADOW EDUCATION Secretary Mr. Neil Kinnock's claim that a Staffordshire school had no books was "obviously hyperbole," he admitted in the Commons yesterday.

The claim, published in the Teacher journal and alleging that a school at Werrington was without books, was investigated by Mr. Mark Carlisle, Education Secretary, who dismissed the rumour.

In Commons Questions on Education yesterday, Mr. Kinnock again put himself in the firing line by joining in an argument started by Mr. Bob Cryer (Lab., Keighley) on the shortage of books in schools.

He accused the Department of Education of being "complacent and atavistic" in not supplying necessary books and equipment for schools, but asking parents to raise the money.

The Times Education Supplement reported that parents paid £23m last year for that purpose, Mr. Kinnock said. Mr. Neil Macfarlane, Education Under-Secretary, denied that anyone was complacent and hit back at Mr. Kinnock by accusing him of "gross misrepresentation" in his remarks about Werrington.

There was "no truth in that story whatsoever," Mr. Macfarlane said.

Mr. Kinnock angrily retorted: "The reference in the Teacher was obviously hyperbole."

The Teacher had also misprinted the name as Wellington instead of Werrington, so morale could not have been affected, he said.

Mr. Macfarlane replied that the only person engaged in hyperbole was Mr. Kinnock and that his reputation was "somewhat tattered and torn" by the affair.

Commons cheers

A PERSONAL Bill which will enable Mr. Edward Berry, 62, to marry his step-daughter, Mrs. Doris Ward, 58, was given an unopposed third reading amid cheers in the Commons

The final stage in the couple's bid to get married will be the Royal Assent for the Edward Berry and Doris Ward (Marriage Enabling) Bill.

Mr. Berry and Mrs. Ward, both from Heroe Hill had to resort to a Personal Bill to allow the marriage to go ahead

No plans to change Act of Settlement—PM

THE PRIME MINISTER said yesterday the Government had no plans to change the law so that Prince Charles could marry a *Roman Catholic girl.*

The issue arose in the Commons during Question Time against a background of reports of exchanges between Mr. Humphrey Atkins, Ulster Secretary, and Protestant leaders concerning Prince Charles, religion and marriage and a move by Labour backbenchers to introduce a Bill to amend the Act of Settlement 1701.

Mrs. Thatcher was asked by Mr. Robert Adley (C., Christchurch and Lymington) if she could "envisage any circumstances in which there would need to be an early amendment" of the 1701 Act.

The Prime Minister replied: "The Act of Settlement remains in force and the Government has no plans to change it."

But MPs will have the opportunity of voting later this month whether they want to end the ban on Prince Charles marrying a *Roman Catholic*, and *still* taking the Throne.

A group of Labour MPs yesterday tabled a Bill to repeal those parts of the old Act which disqualify an heir to the throne from doing this.

It is scheduled to be debated under the Ten-Minute Rule procedure on July 29 and is bound to lead to a division.

But the proceedure for this private members' measure is no more than a test of opinion. It has no chance whatever of going any further.

Principal sponsor is Mr. Norman Hogg, a Presbyterian, and MP for Dunbartonshire East.

He said: "The reason we are doing this is that we believe the law as it stands is discriminatory, offensive and insulting to the Catholic community in the United Kingdom."

Controversy began over remarks alleged to have been made by Mr. Atkins at a private meeting.

It is claimed he told Mr. Thomas Orr, Grandmaster of the Grand Orange Lodge of Scotland, that the Act would not be changed to allow the Prince of Wales to marry a Roman Catholic.

During Questions, Dr. Edmund Marshall (Lab., Goole) asked Mrs. Thatcher: "Is not the most important consideration the fact that the Prince of Wales should be able to lead his own life and find his own way to happiness like everyone else?"

But Mrs. Thatcher would not be drawn. "There is nothing I can usefully add," she said.

The Northern Ireland Office [illegible] denied that Mr. [illegible] thing. But Mr. Orr has stuck to his guns and repeated that the Ulster Secretary had given him this pledge.

There has been speculation that Prince Charles might marry the Roman Catholic Princess Marie-Astrid of Luxembourg.

Mr. Hogg said: "I want to make it absolutely clear that this Bill has nothing to do with the present heir to the throne.

"We are not part of any speculation as to the matrimonial intentions or otherwise of the heir to the throne. But events of the past week have highlighted the position and we think Parliament should be given an opportunity to decalre itself."

The other principal sponsors are Mr. John Home Robertson (Berwick and East Lothian), a Catholic, Dr. Maurice Miller (East Kilbride), who is Jewish, and anti-Royalist Mr. Willie Hamilton (Central F[illegible]

HOGG: "Law is discriminatory"

Industrial relations turn sour at Sheerness Steel

BY NICK GARNETT, LABOUR STAFF

THE AWARD given to Sheerness Steel, the private steel makers, largely as a result of its industrial relations record, continued yesterday to sour those relations.

Members of the Iron and Steel Trades Confederation at the plant are to hold a mass meeting this morning to discuss the possibility of industrial action.

This follows a refusal by the company during discussions with union officials yesterday to return an award presented to the company by AIMS, the free enterprise organisation.

AIMS said yesterday that the award, a block of wood with a plaque, was made because of the company's excellent productivity record, it's Queen's Award to Industry but above all because of its splendid record on industrial relations.

Union officials representing the Sheerness workforce, which defied its union executive in refusing to join the national steel strike, believe the award has been made principally because of that decision.

Mr. Taffy Watts, the chairman of the union's branch covering Sheerness, said earlier this week that the union believed that AIMS was trying to drive a wedge between the workforce and the union.

AIMS has also given an award to Sir Hector Laing, chairman of United Biscuits, partly because of that company's "employee relations." The company last year took legal action against pickets in the lorry drivers' strike.

The mass meeting today, which might consider a 24-hour strike, will be addressed by Mr. Les Banbury, the union's national officer for the private steel industry.

Mr. Michael Ivens, director of AIMS, said yesterday: "We are very sorry indeed that pressure has gone on to the Sheerness Steel company and its workers.

"The suggestion that AIMS or Sheerness Steel are anti-union is nonsense and I'm afraid it sounds like a wholly artificial charge whipped up by the union to put pressure on the workers."

ITN agreement on new technology

BY PAULINE CLARK, LABOUR STAFF

A BREAKTHROUGH in union co-operation on television technology has been reached by Independent Television News, whose technicians have agreed to accept electronic news gathering (ENG).

The Association of Cinematograph, Television and Allied Technicians said yesterday it had accepted a deal which involved better pay and condition for all staff affected by the change from filmed news material to ENG, using portable videotape cameras.

Other unions representing ITN staff were continuing talks last night but the ACTT agreement is of primary importance because it is the biggest technicians' union in commercial television.

The deal with ITN is also seen as a breakthrough because about 90 per cent of the company's material is news, which is the main use for ENG.

Two other independent television companies — Grampian and Tyne Tees—have already gained union co-operation on ENG and the ITN deal could encourage further agreements at Associated Television, London Weekend Television, Yorkshire Television and Granada Television companies, where discussions on new technology are in progress.

Of special significance to ITN is the agreement that it can use material from ENG crews on news assignments abroad. Because of the increasing use of ENG in other countries, the company was having difficulties in covering news events with film.

The deal is said by the union to consist of pay improvements through the incremental scheme and upgradings of staff closely involved with ENG operations.

These are accompanied by changes in conditions of work and agreement on facilities for handling video transmissions as well as safeguards designed to preserve individual levels of responsibility for staff.

Joint action on economy urged

By John Lloyd, Labour

MR. MOSS EVANS, general secretary of the Transport and General Workers' Union, has called in a major speech for a "comprehensive plan for the economy" to be agreed between the unions and the next Labour Government.

It has implied that it should include a flexible pay policy.

He told TGWU-sponsored MPs yesterday that he would have "no part in a rigid, inflexible control over wages," which led to mounting tensions and inevitable collapse.

"But if we go back to the principles that the trade unions used in the last major attempt at a comprehensive plan for the economy—the social contract—those principles were essentially also for an extension of democracy.

"In that sense, I believe that we can offer a constructive, progressive strategy that invites people to take part, rather than the wretched systems that we have at the moment which, for too often, only exclude participation."

He said that the experience of state corporations had been a "very disillusioning one" for the unions. Public sector workers felt there was little difference between working in them, and working in the private sector.

"We need a new drive in our approach to the public sector, a new initiative for nationalisation, not on the old model, but with the goal of introducing democracy at every level."

Mr. Evans said the Government was pursuing a deliberate strategy of raising unemployment to force down wage rates. The main trade union objective, he said, was the battle for employment.

"When will they learn? Two million out of work? Three million? Will they ever learn? I think they'll be forced to change direction or leave office. And we've got to do the forcing."

In a separate initiative, the General and Municipal Workers' Union has called for a new Labour-TUC economic initiative to repair the damage done by the recession.

● Philip Bassett, Labour Staff, writes: The TUC economic committee is to meet Mr. John Nott, Trade Secretary, later this month to discuss the level of import penetration in the UK by foreign manufacturers.

The meeting, set for July 24, will examine not just the level of motor imports, but imports across the whole range of manufacturing industry.

The meeting will follow separate talks next Monday between Mr. Nott, Mr. Evans and Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers, which will focus on the effect of foreign and particularly Japanese car imports, in the light of BL's expected dramatic slump in sales figures for June.

McGahey loses chance of seat on TUC council

BY CHRISTIAN TYLER, LABOUR EDITOR

MR.MR. MICHAEL McGAHEY, the Communist vice-president of the National Union of Mineworkers, was yesterday denied the chance of a seat on the TUC general council by the casting vote of the NUM president, Mr. Joe Gormley.

Mr. McGahey had tied with Mr. Ray Chadburn in elections for the NUM's representatives at the TUC. Mr. Chadburn is the relatively inexperienced Nottinghamshire area president and one of the two current Right-wing choices to contest the presidency on Mr. Gormley's retirement.

A furious row broke out at the union's annual conference in Eastbourne when the tie-breaker was announced, and Mr. Chadburn was declared one of the two NUM nominees for next year's TUC general council.

Mr. Gormley's decision infuriated the Left, who had hoped to see Mr. McGahey join Mr. Arthur Scargill, Yorkshire area president, on the TUC's governing body. Mr. Scargill, the Left's candidate for the presidency, was reconfirmed as the other NUM nominee when he topped the poll in yesterday's voting. He will be standing for the TUC this autumn, following a conference decision last year.

Shouts and jeers filled the hall as delegates complained of electoral irregularities, and alleged that some delegations had broken their area mandate. But Mr. Gormley refused to hold a card vote and refused to allow his ruling to be challenged.

The chief victim of yesterday's voting was Mr. Lawrence Daly, national secretary, who is ousted from his place on the general council from next year. Mr. Daly rose to the top of the union on a Left-wing platform, but joined the moderate camp and has steadily been losing influence. Yesterday even his moderate supporters deserted him in favour of the newcomer from Notts.

EEPTU vote 'was properly conducted'

By John Lloyd

THE executive of the Electrical, Electronic and Plumbing Trades Union ruled yesterday that the election last month of Mr. Wyn Bevan to the union's national council was properly conducted.

Mr. Bevan, a Left-wing convenor at the British Steel Corporation's plant at Port Talbot, first won the contest for the Wales region's seat last year.

That election was declared void by the EEPTU executive

Nurses' leaders seek further wage talks

By Our Labour Staff

NURSES' LEADERS yesterday "reluctantly" accepted the Government's 14 per cent pay offer, but are seeking urgent tals with Ministers to tkry to protect nurses' pay in the future.

All but one of the main unions representing Britain's 490,000 nurses and midwives conveyed their acceptance to management at a joint Whitley Council negotiating meeting.

Teachers call for 21% pay rise

BY NICK GARNETT, LABOUR STAFF

UNIONS representing school teachers in England and Wales yesterday called for salary increases of about 21 per cent during their submission to the arbitration body dealing with teachers' pay settlement this year.

The teachers' panel of the Burnham negotiating committee, which includes employers and unions, told the arbitration body, set up by the Advisory, Conciliation and Arbitration Service, that this increase was required to protect the value of the last award of the Clegg pay comparability commission.

Local authority employers have offered 13 per cent, which they have sealed down to 9.2 per cent to take into account a 4 per cent error made by the Clegg commission.

This followed last year's pay increases of 9 per cent from April 1979 and 18.2 per cent, half paid in January and the rest from September. A new settlement will operate from this April but rises will be calculated on the September figures.

The arbitration's findings, likely to be made towards the end of the month, are being watched by negotiators for 535,000 local authority white collar staff.

They have rejected a 13 per cent offer and say their response to further negotiations will be conditioned by the size of the teachers' settlement.

The National and Local Government Officers' Association has already asked its branches to consider forms of industrial action they would be prepared to recommend to national negotiators if their talks break down.

The teachers' panel told the arbitration committee that it was wrong for the employers to say that they could not pay even the 13 per cent.

A record of discussions within the Burnham committee showed the employers had been prepared to make an offer of 13 per cent on top of the Clegg award before the error had come to light.

They also referred to the Scottish teachers whose negotiators have rejected 14 per cent.

In its written submission, the union says there has been a 21.2 per cent increase in the index of average earnings in the 12 months to April.

Mr. Fred Jarvis, general secretary of the National Union of Teachers, said yesterday that the teachers' unions had told the arbitrators that a pay increase reflecting the general trend of pay was vital to maintain the value of teachers' existing pay.

"Otherwise we will find teachers inevitably slipping down again into that slough of underpayment in which they have existed in recent years."

Changes at Calor Gas

CALOR GAS HOLDING CO. has made the following appointments: Mr. D. J. Mitchell has been appointed chief executive of the Domestic Management Centre (comprising the main operating divisions of the Group in Great Britain) and managing director of Calor Gas the Group's principal UK operating subsidiary. He relinquishes his appointment as managing director, Calor International. Mr. R. F. L. Davies has taken up the new position of executive director (gases), Calor International, responsible for operations in the Republic of Ireland, Northern Ireland and Germany. Mr. F. De Camps, who retires in 1981, has become director of trade relations and has given up his line responsibilities as director and general manager of Calor Gas. Mr. A. Warner has been elected operations director and Mr. R. J. Barry sales and marketing director of Calor Gas.

*

Mr. Fernley A. Parker, British Vita Group chairman, has been elected president of the FURNISHING TRADES BENEVOLENT ASSOCIATION. Mr. Parker succeeds Mr. Arthur Buckley, also of British Vita and now retired, whose term of office as president expired this year.

*

Mr. Tom Goldberg has been appointed managing director of GRAHAM WOOD STRUCTURAL, part of the Amsteel Group. He succeeds Mr. Fred Witham who, having reached the age of 60, now wishes to concentrate upon his duties as director of the company's technical sales division. Mr. Witham remains as a director of the company. At the same time Mr. T. Triance has been promoted to the board and becomes the new financial director.

*

Mr. M. A. F. Reeve and Mr. M. R. Hobson have resigned from the board of REA BROTHERS. Mr. Hobson will act on a part-time basis as a consultant to certain subsidiaries. He has been appointed to the boards of Rea Brothers (Insurance) and Rea Brothers (Isle of Man) and will continue as a director of Rea Brothers (Guernsey).

*

Mr. S. Edwards, chief executive of the steel division of DUPORT, has been appointed a director of the company.

*

Mr. W. C. W. Smith has been appointed a managing director and Mr. R. C. F. Smith becomes secretary, of HUME CORPORATION. Mr. H. A. Fane has been made managing director of Industrial Funding Trust, a subsidiary. Mr. R. S. Wood and Mr. M. P. O'Connor have joined the board of Industrial Funding Trust and Mr. R. S. Wood has been appointed sales director. Mr. G. T. Black is now secretary of that concern.

*

Mr. David Gault, chairman of Gallip Shipping, Mr. Eldon Griffiths, Conservative MP for Bury St. Edmunds, Mr. Frank Narby, chairman of Intercast SA, Mr. Peter Twiss, president of Intercast SA and Mr. Donald Webster, president of Helix Investments have been appointed directors of EUROCANADIAN SHIPPING INVESTMENT. The company has been established in the UK to provide investment, advisory and management services for Eurocanadian Shipboldings, the parent concern of the Cast Group.

*

Mr. P. G. Nixon has been appointed chairman of FERRY PICKERING GROUP in place of Mr. G. F. Coe, who has retired from that post. Mr. J. P. Godfrey has been made a director of the company in addition to his position as assistant managing director of Ferry Pickering Sales.

*

Mr. J. M. Marshall has been appointed chairman of GROSVENOR ESTATE COMMERCIAL DEVELOPMENTS on the retirement of Mr. G. K. Ridley.

*

Mr. William J. Reid has been made international sales director of HUWOOD. Mr. Reid will be responsible for all international sales and has a seat on the Huwood divisional board.

*

Mr. George C. Hodgson has been elected chairman of the BRITISH AEROSOL MANUFACTURERS' ASSOCIATION in succession to Mr. Richard Knollys.

*

Mr. Adrian W. Huxham has been made director of marketing and sales for H. FINE AND SON.

*

MGM ASSURANCE has appointed Mr. Raymond W. Dawes a director. He succeeds as chairman of the investment committee, Mr. H. D. McFarlane, who retired as a director at the annual meeting.

*

Mr. Philip Shelbourne has resigned from the Boards of EAGLE STAR HOLDINGS and of EAGLE STAR INSURANCE following his appointment as chairman of the British National Oil Corporation.

*

Mr. L. F. C. Tarrant has been appointed managing director of COSTAIN INTERNATIONAL.

*

Mr. Anthony Y. C. Yeh and Mr. Donald A. Park have been appointed non-executive directors of CARPETS INTERNATIONAL. Mr. Yeh and Mr. Park are directors of Hong Kong Carpet Manufacturers which recently acquired a 29.9 per cent shareholding in Carpets International.

*

Dr. Douglas Denny has been appointed an executive director of BESTOBELL.

*

Mr. James K. Fordyce has been appointed to the Board of WHITE HORSE DISTILLERS from his present position as the company's production manager.

*

Mr. Royston G. Hine has been appointed to the Board of THOMAS BORTHWICK AND SONS. He is managing director of Matthews (Butchers), a subsidiary.

*

Mr. J. R. B. Barbour-Smith, Mr. P. M. Dalton, Mr. R. McLeod, Mr. R. Redfern, Mr. R. C. Richardson and Mr. D. D. Skinner have been appointed principals of CAPEL-CURE MYERS, stockbrokers.

*

Mr. Fred Geeves has been appointed director, fleet and leasing, BSG INTERNATIONAL.

*

TURNBULL GIBSON AND CO. has appointed Mr. P. J. Hughes a director.

*

Mr. Terry Howe, has been appointed an associate director of CHARLES BARKER CITY. He will continue in his present position as media manager—financial.

*

Mr. H. T. W. Janson has been appointed to the Boards of the PROVINCIAL INSURANCE COMPANY and the PROVINCIAL LIFE ASSURANCE COMPANY.

*

Mr. John Hemingway and Mr. Robert E. Wilson have joined the Board of HOWARD MACHINERY. Mr. Hemingway, who will be a non-executive director, is a solicitor practising in the financial area, and Mr. Wilson is managing director of Howard Rotavator S.A. in France. Mr. J. R. O'N. Martin has resigned from the Howard board. Mr. Michael Tiley has become a director of J. Mann and Son, a subsidiary of Howard Machinery.

*

ASSOCIATED LEISURE has made the following appointments: Mr. B. Marks has become commercial director of Associated Leisure Sales, based in Cricklewood, London. Mr. G. L. Hunt has been appointed sales director—Midland region—of Associated Leisure Sales, Warrington, Lancashire. Mr. R. Bradley, a director of Holmark Coin Equipment has also been appointed a director of Associated Leisure (Amusement Machines).

*

Further to a Board meeting held on July 3, the following alterations have taken place at EDINBURGH GENERAL INSURANCE SERVICES. Following the sale of the Birmingham and Midland Counties Trust holding in EGIS, Mr. Graham Ferguson Lacey has resigned as chairman and Mr. G. J. Ward has resigned as a director. Mr. Dane P. Douetil has been appointed chairman and continues as chief executive and Mr. Eugene Patry has been appointed a director.

*

Mr. David Buckley has been appointed managing director of S.E. ACCESSORIES AND CHEMICALS, a member of the Halma Group.

*

FIRST WISCONSIN NATIONAL BANK OF MILWAUKEE has appointed Mr. Gustavus F. Taylor, vice president, as joint manager of its London branch. He succeeds Mr. John S. C. Leavitt who is returning to the head office in Milwaukee.

*

Mr. Robert Clarke, has joined ECOLOGICAL ENGINEERING, as technical director.

*

SCHOLL (UK) has made the following appointments: Mr. Michael J. Green has become finance director, from controller; Mr. Ben B. A. Tomlin has become director and general manager of the footwear division; and Mr. Graham S. White has been made sales and marketing director of the footcare division.

*

Mr. Michael J. Cotton has relinquished his responsibilities as chief executive of INTERNATIONAL MILITARY SERVICES prior to his retirement later this year. He remains deputy chairman. Mr. Roy Orford has become managing director and chief executive for the company. After his retirement in December, Mr. Cotton will remain as non-executive deputy chairman.

*

Mr. J. F. Nelson has been appointed to the board of KLEINWORT BENSON. Mr. A. C. Mortimer has joined the board of Kleinwort Benson Investment Management. Dr. M. G. Baker, Mr. R. Boden, Mr. M. Fleming, Mr. A. J. H. Saunders and Mr. W. P. Wright have become assistant directors of Kleinwort Benson and Mr. A. F. Baker, Mr. N. R. Newitt and J. H. Rockell have been made assistant directors of Sharps Pixley.

Gold Fields Group

JUNE QUARTERLIES

All companies mentioned are incorporated in the Republic of South Africa

DEELKRAAL GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 99,540,000 shares of 20 cents each, fully paid.

	Qtr. ended 30/6/1980	Qtr. ended 31/3/1980	Six months ended 30/6/1980
OPERATING RESULTS:			
Gold:			
Ore milled (t)	180,000	150,000	330,000
Gold produced (kg)	657.4	507.3	1,164.7
Yield (g/t)	3.7	3.4	3.5
Price received (R/kg)	13,744	16,828	15,088
Revenue (R/t milled)	50.59	57.20	53.59
Cost (R/t milled)	40.24	39.56	39.93
Profit (R/t milled)	10.35	17.64	13.66
Revenue (R000's)	9,105	8,580	17,686
Cost (R000's)	7,243	5,934	13,177
Profit (R000's)	1,863	2,646	4,509
FINANCIAL RESULTS (R000's):			
Working profit: Gold	1,863	2,646	4,509
Net sundry revenue	158	224	382
Total Profit	2,021	2,870	4,891
Capital expenditure	3,523	2,025	5,548

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 30 June 1980 was R2.9 million.

NO. 1 SUB-VERTICAL SHAFT: The excavation of the south man winder chamber has been completed and foundations are being cast. The rock winder was commissioned at the end of the quarter. Raise boring of the shaft waste pass system has been completed and boring of the reef pass system is in progress. All stations have been equipped and the levels are now being developed. Work has commenced on the installation of the pumps in the 11 Level pump chamber.

DEVELOPMENT:

	Qtr. ended 30/6/1980	Qtr. ended 31/3/1980	Six months ended 30/6/1980
Ventersdorp Contact Reef			
Advanced (m)	4,145	3,678	7,823
Sampling results:			
Sampled (m)	790	342	1,132
Stope width (cm)	158	169	162
Av. value: gold: (g/t)	5.6	3.8	5.0
cm.g/t	880	638	810
Deelkraal Reef			
Advanced (m)	335	929	1,264
Sampling results:			
Sampled (m)	254	546	800
Stope width (cm)	137	157	151
Av. value: gold: (g/t)	3.5	3.1	3.2
cm.g/t	480	487	483

In addition 167 metres were advanced in the area held under prospecting permit. 38 metres were sampled on the Ventersdorp Contact Reef horizon averaging 9.4 grams per ton over an estimated stope width of 193 centimetres, equivalent to 1,814 cm.g/t.

OPTION AGREEMENT: The agreement with Gold Fields of South Africa Limited, in terms of which this company has the right, until 28 September 1984, to prospect in an area of approximately 11 hectares of the farm Deelkraal No. 142 I.Q. adjoining the northern boundary of the mining lease area, with the option to either purchase the mineral rights thereof or to acquire the right to mine in the area, has been amended by increasing the area under option to approximately 107 hectares.

On behalf of the board
R. A. Plumbridge
C. T. Fenton } Directors

8 July 1980.

EAST DRIEFONTEIN GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 54,510,000 shares of R1 each, fully paid.

	Qtr. ended 30/6/1980	Qtr. ended 31/3/1980	Six months ended 30/6/1980
OPERATING RESULTS:			
Gold:			
Ore milled (t)	645,000	630,000	1,275,000
Gold produced (kg)	9,620.9	9,922.2	19,543.1
Yield (g/t)	14.9	15.7	15.3
Price received (R/kg)	13,889	17,282	15,503
Revenue (R/t milled)	205.43	273.32	238.98
Cost (R/t milled)	32.88	32.63	32.76
Profit (R/t milled)	172.55	240.69	206.22
Revenue (R000's)	132,505	172,192	304,697
Cost (R000's)	21,212	20,555	41,767
Profit (R000's)	111,293	151,637	262,930
FINANCIAL RESULTS (R000's):			
Working profit: Gold	111,293	151,637	262,930
Net sundry revenue	3,373	2,999	6,372
Profit before taxation and State's share of profit	114,666	154,636	269,302
Taxation and State's share of profit	66,186	93,447	159,633
Profit after taxation and State's share of profit	48,480	61,189	109,669
Capital expenditure	6,611	3,821	10,432
Dividend	65,412	—	65,412

DIVIDEND: A dividend (No. 14) of 120 cents (66.48765p) per share was declared on 10 June 1980, payable to members on or about 5 August 1980.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 30 June 1980 was R45.1 million.

SHAFTS:

No. 2 Sub-Vertical Shaft: One of the winders has been commissioned and installation of the other hoisting equipment is proceeding. The shaft was sunk 84 metres to a depth of 96 metres below the collar using a temporary sinking hoist.

No. 1B Service Shaft: The hoist is being prepared for commissioning.

No. 2A Service Shaft: The hoist chambers and the headgear portion of the shaft are being excavated.

No. 5 Shaft: The access road has been completed and site preparation is in progress.

DEVELOPMENT:

	Qtr. ended 30/6/1980	Qtr. ended 31/3/1980	Six months ended 30/6/1980
Main Reef			
Advanced (m)	945	389	1,335
Sampling results:			
Sampled (m)	256	48	304
Stope width (cm)	136	167	141
Av. value: gold: (g/t)	7.0	5.0	6.6
cm.g/t	952	835	931
Ventersdorp Contact Reef			
Advanced (m)	2,571	2,135	4,706
Sampling results:			
Sampled (m)	332	476	808
Stope width (cm)	188	149	165
Av. value: gold: (g/t)	8.3	18.0	13.5
cm.g/t	1,560	2,682	2,228
Carbon Leader			
Advanced (m)	1,912	2,266	4,178
Sampling results:			
Sampled (m)	368	354	722
Stope width (cm)	127	120	124
Av. value: gold: (g/t)	11.5	9.7	10.6
cm.g/t	1,461	1,164	1,314

On behalf of the board
R. A. Plumbridge
C. T. Fenton } Directors

8 July 1980

KLOOF GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 30,240,000 shares of R1 each, fully paid.

	Qtr. ended 30/6/1980	Qtr. ended 31/3/1980	Year ended 30/6/1980
OPERATING RESULTS:			
Gold:			
Ore milled (t)	500,000	520,000	2,090,000
Gold produced (kg)	7,268.6	7,533.6	30,865.1
Yield (g/t)	14.5	14.5	14.8
Price received (R/kg)	13,880	16,225	12,073
Revenue (R/t milled)	202.53	236.56	179.71
Cost (R/t milled)	43.21	37.59	37.62
Profit (R/t milled)	159.32	198.97	142.09
Revenue (R000's)	101,264	123,012	375,590
Cost (R000's)	21,604	19,546	78,632
Profit (R000's)	79,660	103,466	296,958
FINANCIAL RESULTS (R000's):			
Working profit: Gold	79,660	103,466	296,958
Net sundry revenue	2,779	2,072	7,982
Profit before taxation and State's share of profit	82,439	105,538	304,940
Taxation and State's share of profit	47,502	64,069	180,191
Profit after taxation and State's share of profit	34,937	41,469	124,749
Capital expenditure	5,765	4,270	18,709
Dividend	72,578	—	96,768

PRODUCTION: A fire, which was detected on 15 May 1980 in the 56 Longwall, caused a suspension of mining operations in the longwall and in the southern portion of the mine above 24 Level, with consequent loss of production. Re-entry was effected by 2 June 1980 and normal operations have now been resumed. A claim for loss of profits will be lodged with the company's insurers in due course.

DIVIDEND: A dividend (No. 21) of 240 cents (132.93530p) per share was declared on 10 June 1980, payable to members on or about 5 August 1980.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 30 June 1980 was R56.3 million.

SHAFTS:

No. 3 Shaft: Damage to the shaft caused by an accident on 15 March 1980, has been repaired and the shaft was recommissioned on 26 May 1980.

No. 3 Sub-Vertical Shaft: The headgear portion of the shaft has been excavated and equipped and one hoist has been installed. Preliminary sinking has been carried out to 71 metres below the collar.

No. 3A Service Shaft: The shaft was sunk 73 metres to its final depth of 358 metres which is 17 metres below 28 Level. 28 Level Station has been cut and supported. Preparations for equipping are in progress.

DEVELOPMENT:

	Qtr. ended 30/6/1980	Qtr. ended 31/3/1980	Year ended 30/6/1980
Ventersdorp Contact Reef			
Advanced (m)	6,517	6,535	26,829
Sampling results:			
Sampled (m)	66	114	336
Stope width (cm)	143	142	146
Av. value: gold: (g/t)	10.9	17.0	16.3
cm.g/t	1,559	2,414	2,380
Kloof Reef			
Advanced (m)	228	88	316
Sampling results:			
Sampled (m)	34	16	50
Stope width (cm)	147	162	152
Av. value: gold: (g/t)	22.2	10.1	18.1
cm.g/t	3,263	1,636	2,751

ORE RESERVES AT 30 JUNE 1980: The following are the ore reserves calculated at a pay limit based on a gold price of R7,200 per kilogram:

Classification	Tons	STOPE Width (cm)	STOPE Value (grams/ton)	STOPE Centimetre-grams per ton
Ventersdorp Contact Reef	3,706,000	150	18.9	2,835
Kloof Reef	59,000	220	7.2	1,584
Total and averages	3,765,000	151	18.7	2,824

As a result of a decision to increase the size of ore reserve blocks the figures given above are not strictly comparable with those published in the past.

On behalf of the board
R. A. Plumbridge
C. T. Fenton } Directors

8 July 1980

WEST DRIEFONTEIN GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 14,082,160 shares of R1 each, fully paid.

	Qtr. ended 30/6/1980	Qtr. ended 31/3/1980	Year ended 30/6/1980
OPERATING RESULTS:			
Gold:			
Ore milled (t)	675,000	675,000	2,700,000
Gold produced (kg)	11,473.4	11,812.5	48,880.3
Yield (g/t)	17.0	17.5	18.1
Price received (R/kg)	13,878	16,424	12,235
Revenue (R/t milled)	236.70	289.22	222.51
Cost (R/t milled)	37.11	35.03	34.47
Profit (R/t milled)	199.59	254.19	188.04
Revenue (R000's)	159,774	195,221	600,776
Cost (R000's)	25,049	23,645	93,080
Profit (R000's)	134,725	171,576	507,696
Uranium Oxide:			
Pulp treated (t)	295,400	298,631	1,209,700
Oxide produced (kg)	60,187	69,174	275,317
Yield (kg/t)	0.204	0.232	0.228
FINANCIAL RESULTS (R000's):			
Working profit: Gold	134,725	171,576	507,696
Profit on sale of Uranium Oxide and Sulphuric Acid	2,051	2,459	16,272
Net sundry revenue	5,229	3,639	14,905
Profit before taxation and State's share of profit	142,005	177,674	538,873
Taxation and State's share of profit	87,979	113,299	338,781
Profit after taxation and State's share of profit	54,026	64,375	200,092
Capital expenditure	4,258	3,408	13,345
Dividend	119,698	—	161,945

DIVIDEND: A dividend (No. 55) of 850 cents (470.81253p) per share was declared on 10 June 1980, payable to members on or about 5 August 1980.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 30 June 1980 was R34.6 million.

PRODUCTION: A fire was detected on the Carbon Leader horizon in the No. 2 Shaft area on 30 June 1980. The area affected by the fire is being sealed off and the fire is being allowed to burn itself out. Production is not expected to be materially affected.

CAPITAL WORKS:

No. 4 Shaft: The excavation of 12 Level pump chambers has been completed and construction work is in progress. Excavation work continues on the 4 Level pumping layout.

No. 6 Sub-Vertical Shaft: Construction work is in progress at 26 Level pump station. A major portion of the Ventersdorp Contact Reef ore pass system has now been completed.

DEVELOPMENT:

	Qtr. ended 30/6/1980	Qtr. ended 31/3/1980	Year ended 30/6/1980
Carbon Leader			
Advanced (m)	5,118	5,547	20,805
Sampling results:			
Sampled (m)	576	606	2,030
Stope width (cm)	106	116	112
Av. value: gold: (g/t)	20.8	22.4	20.8
cm.g/t	2,205	2,598	2,330
Ventersdorp Contact Reef			
Advanced (m)	1,777	1,345	6,439
Sampling results:			
Sampled (m)	122	278	1,096
Stope width (cm)	178	222	200
Av. value: gold: (g/t)	8.5	6.3	8.9
cm.g/t	1,513	1,399	1,780
Main Reef			
Advanced (m)	558	224	826
Sampling results:			
Sampled (m)	80	12	92
Stope width (cm)	125	126	126
Av. value: gold: (g/t)	9.3	6.9	9.0
cm.g/t	1,172	869	1,134
North Leader			
Advanced (m)	126	31	157
Sampling results:			
Sampled (m)	108	12	120
Stope width (cm)	105	105	105
Av. value: gold: (g/t)	2.7	3.6	2.8
cm.g/t	284	378	294

ORE RESERVES AT 30 JUNE 1980: The following are the ore reserves calculated at a pay limit based on a gold price of R7,200 per kilogram:

Classification	Tons	STOPE Width (cm)	STOPE Value (grams/ton)	STOPE Centimetre-grams per ton
Carbon Leader	3,149,000	106	26.2	2,777
Ventersdorp Contact Reef	1,510,000	158	18.4	2,907
Main Reef	743,000	144	10.1	1,454
Total and averages	5,402,000	122	21.8	2,660

As a result of a decision to increase the size of the ore reserve blocks the figures given above are not strictly comparable with those published in the past.

On behalf of the board
R. A. Plumbridge
C. T. Fenton } Directors

8 July 1980

LIBANON GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 7,937 300 shares of R1 each, fully paid.

	Qtr. ended 30/6/1980	Qtr. ended 31/3/1980	Year ended 30/6/1980
OPERATING RESULTS:			
Gold:			
Ore milled (t)	420,000	420,000	1,680,000
Gold produced (kg)	2,884.0	2,883.0	11,916.6
Yield (g/t)	6.9	6.9	7.1
Price received (R/kg)	13,808	15,658	11,900
Revenue (R/t milled)	94.93	108.25	84.78
Cost (R/t milled)	31.61	30.35	30.42
Profit (R/t milled)	63.32	77.90	54.36
Revenue (R000's)	39,870	45,466	142,430
Cost (R000's)	13,275	12,748	51,103
Profit (R000's)	26,595	32,718	91,327
FINANCIAL RESULTS (R000's):			
Working profit: Gold	26,595	32,718	91,327
Net sundry revenue	1,086	805	3,183
Profit before taxation and State's share of profit	27,681	33,523	94,510
Taxation and State's share of profit	12,928	18,082	48,055
Profit after taxation and State's share of profit	14,753	15,441	46,455
Capital expenditure	5,727	4,038	14,100
Dividend	11,906	—	15,875

DIVIDEND: A dividend (No. 55) of 150 cents (83.08456p) per share was declared on 10 June 1980, payable to members on or about 5 August 1980.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 30 June 1980 was 70.7 million.

SHAFTS:

No. 4 Sub-Vertical Shaft: The shaft was sunk 89 metres to a depth of 1,293 metres below collar.

No. 1A Service Shaft: The installation of hoisting equipment is nearing completion.

No. 4A Service Shaft: Excavation of the headgear portion of the shaft is complete and 4 metres of preliminary sinking has been carried out.

DEVELOPMENT:

	Qtr. ended 30/6/1980	Qtr. ended 31/3/1980	Year ended 30/6/1980
Main Reef			
Advanced (m)	2,927	2,513	12,022
Sampling results:			
Sampled (m)	728	804	3,015
Stope width (cm)	141	136	138
Av. value: gold: (g/t)	5.4	4.6	4.9
cm.g/t	761	626	678
Ventersdorp Contact Reef			
Advanced (m)	1,376	1,277	5,571
Sampling results:			
Sampled (m)	158	68	624
Stope width (cm)	143	133	148
Av. value: gold: (g/t)	6.2	2.0	7.7
cm.g/t	887	266	1,124
Elsburg Reef			
Advanced (m)	121	163	1,462
Sampling results:			
Sampled (m)	46	108	320
Stope width (cm)	237	203	226
Av. value: gold: (g/t)	2.2	4.9	4.6
cm.g/t	521	995	1,040
Kimberley Reef			
Advanced (m)	40	Nil	291
Sampling results:			
Sampled (m)	32	—	54
Stope width (cm)	197	—	176
Av. value: gold: (g/t)	6.9	—	6.0
cm.g/t	1,359	—	1,056

ORE RESERVES AT 30 JUNE 1980: The following are the ore reserves calculated at a pay limit based on a gold price of R7,200 per kilogram:

Classification	Tons	STOPE Width (cm)	STOPE Value (grams/ton)	STOPE Centimetre-grams per ton
Ventersdorp Contact Reef	1,819,000	148	19.1	2,827
Main Reef	1,955,000	135	7.5	1,012
Elsburg Reef	138,000	203	8.0	1,624
Kimberley Reef	154,000	146	8.5	1,241
Total and averages	4,166,000	143	12.9	1,845

As a result of a decision to increase the size of ore reserve blocks the figures given above are not strictly comparable with those published in the past.

On behalf of the board
R. A. Plumbridge
C. T. Fenton } Directors

8 July 1980

NOTE:
Copies may be obtained from the United Kingdom Registrars: Close Registrars Limited, 803, High Road, Leyton, London, E10 7AA

DOORNFONTEIN GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 10,000,000 shares of R1 each, fully paid.

	Qtr. ended 30/6/1980	Qtr. ended 31/3/1980	Year ended 30/6/1980
OPERATING RESULTS:			
Gold:			
Ore milled (t)	360,000	360,000	1,440,000
Gold produced (kg)	3,023.7	3,024.0	12,095.7
Yield (g/t)	8.4	8.4	8.4
Price received (R/kg)	13,914	15,334	12,000
Revenue (R/t milled)	117.16	129.53	101.20
Cost (R/t milled)	39.33	37.52	37.04
Profit (R/t milled)	77.82	92.01	64.16
Revenue (R000's)	42,175	46,631	145,734
Cost (R000's)	14,159	13,509	53,335
Profit (R000's)	28,016	33,122	92,399
FINANCIAL RESULTS (R000's):			
Working profit: Gold	28,016	33,122	92,399
Net sundry revenue	1,052	901	3,219
Profit before taxation and State's share of profit	29,068	34,023	95,618
Taxation and State's share of profit	14,448	20,218	52,127
Profit after taxation and State's share of profit	14,620	13,805	43,491
Capital expenditure	6,516	1,188	9,858
Dividend	9,828	—	11,794

DIVIDEND: A dividend (No. 47) of 100 cents (55.38971p) per share was declared on 10 June, 1980, payable to members on or about 5 August 1980.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 30 June 1980 was R 76.9 million.

EXTENSION TO MINING LEASE AREA: In an announcement published in the press on 3 July 1980 members were informed that the application made by Gold Fields of South Africa Limited for a new mining lease in respect of the area held under option by this company had been approved, and that the lease would be ceded to the company in due course. The financial results reflect the revised lease formula and capital allowance classification which are effective from 1 July 1979.

CAPITAL WORKS: Detailed planning of the project for the mining of the enlarged lease area, which takes into account the latest estimate of ore available from the existing shaft systems and the improved financial position of the company, has been completed. It has been decided to sink No. 3 Surface Shaft into the southern section of the No. 1A Sub-Vertical Shaft pillar and, when this is completed, to sink a new sub-vertical shaft, from 25 Level down to 47 Level, in close proximity to the former shaft, to serve the area down to the southern boundary of the enlarged lease area. As a consequence it has been decided to sink only one (No. 2A Sub-Incline Shaft) of the previously proposed sub-incline shafts into the new area. Development towards the site of this shaft is well advanced.

DEVELOPMENT:

	Qtr. ended 30/6/1980	Qtr. ended 31/3/1980	Year ended 30/6/1980
Carbon Leader			
Advanced (m)	3,932	3,903	15,091
Sampling results:			
Sampled (m)	766	808	3,082
Stope width (cm)	105	106	105
Av. value: gold: (g/t)	12.7	14.3	13.8
cm.g/t	1,334	1,516	1,449
Main Reef			
Advanced (m)	750	603	3,183
Sampling results:			
Sampled (m)	136	148	1,018
Stope width (cm)	126	114	119
Av. value: gold: (g/t)	5.1	4.2	7.2
cm.g/t	653	479	857

ORE RESERVES AT 30 JUNE 1980: The following are the ore reserves calculated at a pay limit based on a gold price of R7,200 per kilogram:

Classification	Tons	STOPE Width (cm)	STOPE Value (grams/ton)	STOPE Centimetre-grams per ton
Carbon Leader	2,910,000	108	11.9	1,285
Main Reef	748,000	115	10.5	1,208
Total and averages	3,658,000	109	11.6	1,264

As a result of a decision to increase the size of ore reserve blocks the figures given above are not strictly comparable with those published in the past.

On behalf of the board
R. A. Plumbridge
C. T. Fenton } Directors

8 July 1980

VENTERSPOST GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 5,050,000 shares of R1 each, fully paid.

	Qtr. ended 30/6/1980	Qtr. ended 31/3/1980	Year ended 30/6/1980
OPERATING RESULTS:			
Gold:			
Ore milled (t)	346,000	320,000	1,314,000
Gold produced (kg)	1,486.5	1,571.1	6,290.9
Yield (g/t)	4.3	4.9	4.8
Price received (R/kg)	13,656	16,525	12,362
Revenue (R/t milled)	58.97	81.63	59.46
Cost (R/t milled)	34.29	34.53	33.34
Profit (R/t milled)	24.68	47.10	26.12
Revenue (R000's)	20,346	26,121	78,130
Cost (R000's)	11,830	11,049	43,810
Profit (R000's)	8,516	15,072	34,320
FINANCIAL RESULTS (R000's):			
Working profit: Gold	8,516	15,072	34,320
Profit on sale of pyrite	131	267	802
Net sundry revenue	425	364	1,746
Profit before taxation	9,072	15,703	36,868
Taxation	2,976	8,888	17,936
Profit after taxation	6,096	6,815	18,932
Capital expenditure	2,201	293	2,545
Dividend	6,818	—	10,100

DIVIDEND: A dividend (No. 80) of 135 cents (74.77611p) per share was declared on 10 June 1980, payable to members on or about 5 August 1980.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 30 June 1980 was R6.4 million. Investigations into ways and means of improving ventilation and shift times in the No. 3 Tertiary Shaft area are continuing.

DEVELOPMENT:

	Qtr. ended 30/6/1980	Qtr. ended 31/3/1980	Year ended 30/6/1980
Main Reef			
Advanced (m)	1,745	869	6,224
Sampling results:			
Sampled (m)	460	466	1,910
Stope width (cm)	157	160	159
Av. value: gold: (g/t)	4.7	5.1	4.7
cm.g/t	738	816	747
Ventersdorp Contact Reef			
Advanced (m)	87	64	308
Sampling results:			
Sampled (m)	Nil	38	38
Stope width (cm)	—	153	153
Av. value: gold: (g/t)	—	3.2	3.2
cm.g/t	—	490	490

ORE RESERVES AT 30 JUNE 1980: The following are the ore reserves calculated at a pay limit based on a gold price of R7,200 per kilogram:

Classification	Tons	STOPE Width (cm)	STOPE Value (grams/ton)	STOPE Centimetre-grams per ton
Main Reef	1,609,000	156	7.2	1,123
Ventersdorp Contact Reef	1,100,000	172	8.9	1,531
Total and averages	2,709,000	162	7.9	1,280

As a result of a decision to increase the size of ore reserve blocks the figures given above are not strictly comparable with those published in the past.

On behalf of the board
C. T. Fenton
R. A. Plumbridge } Directors

8 July 1980

VLAKFONTEIN GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 6,000,000 shares of 70 cents each, fully paid.

	Qtr. ended 30/6/1980	Qtr. ended 31/3/1980	Six months ended 30/6/1980
OPERATING RESULTS:			
Gold:			
Ore milled:			
from surface dumps (t)	117,138	150,929	268,067
from outside sources (t)	62,862	29,071	91,933
total milled (t)	180,000	180,000	360,000
Gold produced (kg)	209.7	195.9	405.6
Yield (g/t)	1.2	1.1	1.1
Price received (R/kg)	13,701	18,159	15,860
Revenue (R/t milled)	16.02	19.94	17.98
Working cost (R/t milled)	5.42	6.24	5.33
Rock purchased (R/t milled)	2.48	1.32	1.90
Profit (R/t milled)	8.12	13.38	10.75
Revenue (R000's)	2,884	3,590	6,474
Working cost (R000's)	976	944	1,920
Rock purchased (R000's)	447	238	685
Profit (R000's)	1,461	2,408	3,869
FINANCIAL RESULTS (R000's):			
Working profit: Gold	1,461	2,408	3,869
Net sundry revenue	191	117	308
Profit before taxation	1,652	2,525	4,177
Taxation:			
Formula tax	824	1,393	2,217
Non-mining tax	37	34	71
Excess recoupments tax	18	6	24
Profit after taxation	773	1,092	1,865
Capital expenditure recoupments (net)	20	4	24
Capital repayment	600	—	600

CAPITAL EXPENDITURE: There were no capital expenditure commitments at 30 June 1980.

REPAYMENT OF CAPITAL: No dividend was paid or declared during the quarter. In a circular dated 27 June 1980, members were informed that the reduction in the authorised and issued capital of the company from 80 cents per share to 70 cents per share was duly confirmed by the Supreme Court of South Africa and became effective on 26 June 1980. The repayment of capital of 10 cents (5.68747p) per share will accordingly be made on or about 5 August 1980 to members who were on the register at 27 June 1980.

On behalf of the board
C. T. Fenton
R. A. Plumbridge } Directors

8 July 1980

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● MINING

New roof supports on trial

TWO NEW types of powered supports are now oo underground trials. One is a 300 too four leg shielded chock support and tbe other a 450 ton four leg chock shield type.

Both installations, one at Lea Hall and the other at Maltby Colliery, are reported to be performing well.

Both supports embody advanced design features. Hydraulic restoration on the 300-ton support enables it to be advanced] wbile still in coofact with the roof. The 450-ton support also incorporates bydraulic restoration and has a design of linkage wbicb will reduce stress, size of members and weight.

Each support has four robust legs, either hydro-mechanicsl or full-hydraulic double telescope.

Skin-to-skin contact gives protection against flushing of materials from the roof wbile a simple valve gear offers unit, adjacent or batcb control.

FSW has also received an order for a hydraulic supply system at Lea Hall Colliery to provide the power to the coalface wberc the new supports are being installed.

The company's bydraulic systems bave been developed to meet all new requirements of safety and efficiency. Pumps are air-cooled with positive internal lubrication and built-in anti-reverse equipment. They are driven by NCB motors.

Fletcher Sutcliffe Wild, Horbury, Wakefield. 0924 27 6363.

Drilling less difficult

SUCCESSFUL during drilling in the difficult conditions experienced at the Wheal Jane Mine near Truro, Cornwall, Orebit Drilling Company bss been using extra thin-walled core barrels, dismond bits and reaming shells during exploration wnrk to assess the tin ore reserves available for possible extensions. Performance achieved by the technique has been outstanding with core recovery generally in excess of 95 per cent.

Io-the-hole drilling equipment for the contract, whicb started last November, is being supplied by Craelius Company, Daventry, and ls mounted on a screw-feed drilling rig more robust and better suited to the conditions than bydraulic equipment.

In selecting the Craelius equipment used for this project, Orebit Drilling gave special attention to ensuring that peripheral rotation speeds and bits were properly matched. As a result, drilling outputs equivalent to 16 metres io an eight hour sbift have been regularly achieved, although other factors including moving hetween drilling sites resulted in an average 40 metres/week.

Excellent performance was achieved io spite of the difficult drilling conditions at Wheal Jane, and throughout Cornwall generally. At Wheal Jane the rock is mainly shale with quartz bands. The lode formations contain cassiterite with sulphides of iron, zinc and copper in a matrix of quartz, tourmaline, chlorite and fluorite.

Craelius is at Long March, Daventry, Northants. 03272 3431.

● PACKAGING

Milk churn alternative

FUNCTIONING AS a transit pack and dispenser, and introduced as an alternative to the conventional milk cburn, is a one-trip milk container called Cburnbox launched by Bowater Packaging, Portland House, Stag Place, London, S.W.1. (01-834 9444).

Corrugated board outer cases contain five gallon capacity polythene bags (obviating the expense of cburn cleaning and maintenance) and the pack is fitted with a pouring spout for simple dispensing. When empty, both the bag and the box can be thrown away.

● ENERGY

Power package solves problems now

GROWING INTEREST is being sbown in Europe and in other power-hungry countries for power plant that makes the fullest possible use of fuel consumed, in cootrast with most of the very large central generating plants whicb reject a very high proportion of the beat contained in exhaust steam and condensate to cooling water.

Scbemes for the combined production of power and bot water for district heating are very well establisbed in the Scandinaviau countries, particularly Sweden. Even in Britain, the traditional reluctance of the Generating Board to any departure from its commitment to a programme of increasingly hnge central generating plants is being gradually overcome.

In May, the Hereford industrial combined beat and power scheme was officially opened and now, Midlands Electricity Board is discussing a proposal under which, as in Hereford, the waste beat from diesel engines driving the generators will be recovered for use in local beating services.

The latter scheme, at Fort Dunlop, will generate 25 Megawatts. But it will also bave auxiliary boilers running on fluidised bed combustinn units which can cope with the poorest solid fuels, as well as with municipal and other wastes with a reasonably high carbon cooteut.

There is, bowever, a very strong case to be made for a complete switch into aolid fuel and fluidised bed combustion, applied in small local, even municipal, power and district heating schemes. Indeed, with present inflation conditions, it could be claimed that the day of the massive central plant is over siuce its ten-year construction period brings sn inflation penalty tbat can pnsb the per kilowatt installed cost of a 2000MW plant to close on £1,300. This figure is in sbarp contrast to the £485 per kW claimed for "mini" power stations nf 1 to 10MW tbat take a mere two to three years to build.

These startling claims are made with abundant justification by the naw grouping set up by Stone-Platt Fluidfire and Peter Brotherhood under the name of Stone Platt Energy Systems.

It is offering a series of packaged generators which consist of a Stone-Platt Fluidfire fluidised bed combustor and watertube boiler with snperbeat, whicb supplies steam to a Peter Brotherhood turbo-generator all mounted on a single baseplate with condenser and feed system similarly packaged.

Sizes run from 1 to 3, 5, 7½ and 10MW with coal intake running from 0.7 to 5.4 tons/hour.

Design has been carried out to permit a 12-month delivery cycle and operation of both boiler and turbine bas been simplified to an extent whicb will make operation and maintenance in third world countries no problem. The partnership expects the developing nations to be a major outlet for its product.

Through its U.S. associate, the group is exploring the packaged market in both North and South America and Johnston Boiler Company in the U.S. is supplying three fluidised boilers to Souza Cruz (a BAT subsidiary) to burn high ash coal for steam production.

Orders are under negotiation in India for these packaged power units, also to burn coal with a very high ash content.

Stone Platt Electrical agents in many countries are offering the packages initially to help the production line to get going quickly, but gradually the association will bave its own agents in most areas. Comecon countries, Denmark and Germany and already covered.

There is thus a strong possibility that, for once, an idea pioneered in Britain—fluidised bed combustion of coal—will provide many new jobs over the course of the next ten years as the shortage of hydrocarbon fuels continues to bite more deeply all over the world.

Like it or not, the Generating Board planners will have to take intn consideration the short lead-times of power units which can be set up in under two years and that at capital costs 15 to 20 per cent less than the "dinosaurs." Coal consumption for equivalent energy output is about halved.

The fluid bed approacb also solves most of the environmental problems without the need for expensive fuma cleaning equipment.

And since every bit of the equipment for such plants can be built in Britain without need for imports, there is an eqnally strong argument for installing, say, 100 of these around the country to generate power and district heat rather than building one very large nuclear plant of U.S. design, for which a great deal of U.S.-manufactured components would bave to be imported.

Stone Platt Fluidfire, Pensnett House, Pensnett Trading Estate, Brierly Hill, West Midlands DY6 7PP. 0384 268566.

● BOATS

Improved diesel engines for small craft

AS PART of a development programme for its PRO range of high-performance diesels, Volvo Penta will be introducing two new high-efficiency versions of their 40 series 3.6 litre engines at tbe International Southampton Boat Sbow (September 15-20, 1980).

Available as either ao inboard version or as an Aquamatic inboard/outdrive, these turbocharged six-cylinder in-line engines have been fitted with after-coolers to increase the power output by 19 per cent and decrease specific fuel consumption by some 10 per cent. As with the existing 40 series 3.6 litre turbocbarged units, the new versions produce high torque througbout their speed range and run at very low noise levels.

The inboard version is designated the TAMD 40 and the Aquamatic inboard/ootdrive the AOAD 40. The basic engine bas a flywheel output of 155 horsepower at a speed of 3,600 r/min. The shaft-borsepower ratings, i.e. the usable power available at the end of the propeller sbaft, of the different versions are dependent on the transmission system used. A notable feature of either is the increase in power for only an 8.6 per ceut increase ln weight: the TAMD 40 weighs only 1069 lb and tbe Aquamatic 1113 lb.

These engines are intended for installation in both leisure craft and commercial boats of the displacement, semi-planing and planing type—applications requiring high torque over a wide range of engine speeds. The commercial versions of the engine, developing 120 borsepower at 3,000 r/min, are particularly suitable for applications requiring both performance and good overall fuel consumption, e.g. police boats and rescue craft.

Volvo Penta, Otterspool Way, Watford WD2 8HW. Watford 28544.

● DATA PROCESSING

Databases expanding

FOLLOWING the Pergamon Press acquisition of InfoLine, the new company to he known as Pergamon-InfoLine bas entered into an exclusive agreement with Scicon Computer Services, a subsidiary of British Petroleum, to provide the computers and to co-operate in database activities and on-line services.

Pergamon-InfoLine and Scicon will also be working jointly to implement new databases from the scientific, technical, medical and educational information published by Pergamoo Press and otbers.

Work is under way lo the U.S. on a new development ln the lucrative "patents" market and one of the first UK developments will be a completely new energy database. This database will be of value to research workers, engineers, civil servants and politicians.

Pergamon Press, Headington Hill Hall, Oxford OX3 0BW. 914 592 7700.

● PROCESSING

Speeds image to plate

PICTORIAL MACHINERY says of its Autoprintex Type 58 that it can nearly halve the time needed to progress a job from camera to plate.

British designed and developed it meets the demand for a highly productive image imposition machine.

Micro-processor control makes tape preparation quick and straightforward, and controls the movement of the unit holder during the actual run.

Unlike standard step and repeat machines, Type 58 is able to change images after each exposure cycle so that plates baving different images can be prepared. This is image imposition; the ability to impose anything from a magazine catalogue sheet to a complex all over wrapping paper design, as well as handling normal step and repeat work—direct to plate, accurately and automatically.

Pictorial Machinery, 49 Gatwick Road, Crawley, Sussex RH10 2UE. 0293 541611.

● SECURITY

Watch for intruders

A SECURITY alarm system claimed to provide constant and economical monitoring of offices, factories and homes bas been brought ioto operation at Maidstone, Kent, by Crusader Alarms, part of Rentokil's security division.

Named MIDAS (Monitored Intruder Detection Alarm System) comes into use at a time wben Kent County police are ending the facility of direct private alarm lines into police statinns. The main unit at Maidstone is an Ademco 673 digital receiver-printer.

Up to 16 subscribers can be served by one line to MIDAS from every major town in Kent and 1,000 subscribers can be served by a single wire from MIDAS to Crusader's central monitoring station in Peckham, South London.

Each installation can provide six types of security information all round the clock, checking conditions at seven-second intervals and, it is claimed, reducing substantially the number of false alarms.

The information provided might include legitimate entering and leaving of premises by staff, a criminal break-in, an outbreak of fire, or a failure of freezers, thermostats or boilers.

The tone signals to the Peckham monitoring station, each coded specifically for a subscriber's premises, are carried by Post Office wire. It is claimed that esch interrogation and reply between the monitor and the client's alarm box takes less than half a secood.

Details from Crusader Alarms, 7 Albion Place, Maidstone, Kent (0622 677031).

● COMPONENTS

Displays seen from a distance

MINIATURE packages 6.6 mm (0.26 in) high contain single character LED displays. GPD700 units are available from Plessey Optoelectronics and Microwave at Towcester (0327 50312).

This product bas been designed to replace small filament-type displays, particularly as a result of American customer requests. Plessey expects a growing demand for the GPD700 since it is pin and mechanically compatible with the CMS-29 filament display, previously produced by Chicago Miniature but now withdrawn.

The GPD700 incorporates all the advantages of the internationally known GPD 400, 500, and 600 series, plus the ability to stack devices on 7.6 mm (0.3 in) centres.

It is fully sunlight visible and is bermetically sealed into a ceramic package.

● INSTRUMENTS

Tachometer simple to use

FROM Russet Instruments of Richmond, Surrey, comes a digital hand tachometer which enables contactless speed measurements to be carried out in the range of 100-20,000 rpm.

The distance between the tachometer's measuring head and the object to be measured can be between 50-200 millimetres, with an angle of incidence of 39 degrees. Accuracy is better than 0.1 per cent of the measured value.

Designated the DHR 905 and manufactured by Jacquet in Switzerland, the tachometer operates on the reflective principle and has four automatically selected ranges which are under micro-processor control.

Lightweight and extremely simple to use, the DHR 905 would be directed at a reflective marker which ls attached to the object to ba measured. A reading of the speed is instantly provided by a four-digit liquid crystal display. A function LED indicates whether the reflection from the object is adequate to give reliable measurement.

RIL House, Sbeen Park, Richmond, Surrey. 01-940 9931.

● HANDLING

Shows the weight

WEIGHING capacities up to 220 lb can be provided by the latest banging scales marketed by Waymaster of Meadow Road, Reading RG1 8LB (0734 599444).

The scales (known as the 165 Series) have stainless steel bodies and hooks and bave 6½ inch diameter dials. They have been designed to withstand rough handling and corrosive atmospheres and may be single or double faced with Imperial or metric calibrations.

● In a report on yesterday's page describing a new Clearspan chart recorder from Kent Industrial Measurements the type number should have been given as P600 and the accuracy as 0.5 per cent of span.

London Clearing Banks' balances

as at June 18, 1980

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the mnre comprehensive banking and money supply figures publisbed later by the Bank of England. Tables 1, 2 and 3 are prepared hy the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man wbich are listed by the Bank nf England as falling within the banking sectnr. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences bere arise from the exclusinn from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1.
AGGREGATE BALANCES

LIABILITIES	Total outstanding £m	£m	Change on month £m	£m
Sterling deposits:				
UK banking sector	8,084		+114	
UK private sector	35,686		+361	
UK public sector	501		−114	
Overseas residents	4,240		+186	
Certificates of deposit	2,123		+ 53	
		50,635		+ 600
of which: Sight		19,286		− 104
Time (inc. CD's)		31,349		+ 703
Foreign currency deposits:				
UK banking sector	7,185		+172	
Other UK residents	1,375		−244	
Overseas residents	17,383		+560	
Certificates of deposit	1,470		+ 69	
		27,414		+ 557
Total deposits		78,049		+1,157
Other liabilities*		12,238		+ 199
TOTAL LIABILITIES		90,288		+1,356
ASSETS				
Sterling				
Cash and balances with Bank of England		1,326		− 40
Market loans:				
Discount market	2,187		−430	
UK banks	11,381		+160	
Certificates of deposit	1,737		+103	
Local authorities	881		− 12	
Other	522		+ 94	
		16,707		− 86

	Total outstanding £m	£m	Change on month £m	£m
Bills:				
Treasury bills	585		+ 35	
Other bills	1,155		+ 66	
		1,740		+ 101
Special deposits with Bank of England		228		+ 15
Investments:				
British Government stocks	1,678		+809	
Other	1,893		+ 92	
		3,570		+ 900
Advances:				
UK private sector	27,771		+454	
UK public sector	302		−132	
Overseas residents	3,219		+138	
		31,292		+ 461
Other sterling assets*		7,116		− 561
Foreign currencies				
Market loans:				
UK banks and discount market	6,188		−220	
Certificates of deposit	136		− 14	
Other	11,619		+182	
		17,942		− 52
Bills		40		+ 13
Advances:				
UK private sector	2,251		+186	
UK public sector	840		− 7	
Overseas residents	5,736		+301	
		8,827		+ 480
Other foreign currency assets*		1,501		+ 125
TOTAL ASSETS		90,288		+1,356
Acceptances		1,328		− 50

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Out-standing £m	TOTAL Change on month £m	BARCLAYS Out-standing £m	BARCLAYS Change on month £m	LLOYDS Out-standing £m	LLOYDS Change on month £m	MIDLAND Out-standing £m	MIDLAND Change on month £m	NATIONAL WESTMINSTER Out-standing £m	NATIONAL WESTMINSTER Change on month £m	WILLIAMS & GLYN'S Out-standing £m	WILLIAMS & GLYN'S Change on month £m
LIABILITIES												
Total deposits	78,049	+1,157	22,009	+564	14,290	+164	15,543	+433	24,059	+ 36	2,148	− 41
ASSETS												
Cash and balances with Bank of England	1,326	− 40	366	− 52	261	− 54	283	+ 4	369	+ 70	46	− 9
Market loans:												
UK banks and discount market	19,755	−491	5,745	+ 92	3,341	−240	2,609	−289	7,540	− 82	520	+ 29
Other	14,894	+353	4,208	+188	3,602	+ 69	2,465	+244	4,282	−117	337	− 31
Bills	1,780	+113	421	+ 62	235	+ 12	554	+ 9	540	+ 40	30	− 10
British Government stocks	1,678	+809	442	+286	171	+ 43	529	+193	460	+274	76	+ 13
Advances	40,118	+941	11,481	+ 86	6,885	+409	9,187	+361	11,347	+122	1,219	− 38

TABLE 3. CREDIT CONTROL INFORMATION
(Parent banks only)

	TOTAL		BARCLAYS		LLOYDS		MIDLAND		NATIONAL WESTMINSTER		WILLIAMS & GLYN'S	
Eligible liabilities	31,739	+876	9,828	+338	5,312	+212	7,486	+224	8,065	+125	1,048	− 23
Reserve assets	4,005	+ 63	1,252	+ 26	666	+ 16	936	+ 13	1,018	+ 15	133	− 7
Reserve ratio (%)	12.6	− 0.2	12.7	− 0.2	12.5	− 0.2	12.5	− 0.2	12.6	—	12.7	− 0.3

Banking figures

(as table 4 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1—Banks

	June 18, 1980 £m	Change on month £m
Eligible liabilities		
UK banks		
London clearing banks	31,913	+891
Scottish clearing banks	3,422	+ 95
Northern Ireland banks	1,174	− 2
Accepting houses	2,465	+ 55
Other	7,706	+119
Overseas banks		
American banks	5,001	− 76
Japanese banks	392	+ 12
Other overseas banks	3,955	+129
Consortium banks	415	+ 11
Total eligible liabilities*	56,455	+1,236
Reserve assets		
UK banks		
London clearing banks	4,028	+ 65
Scottish clearing banks	440	+ 4
Northern Ireland banks	170	+ 5
Accepting houses	342	+ 12
Other	1,011	+ 16
Overseas banks		
American banks	661	—
Japanese banks	55	+ 1
Other overseas banks	574	+ 9
Consortium banks	63	—
Total reserve assets	7,343	+111
Constitution of total reserve assets		
Balances with Bank of England	475	+ 19
Money at call:		
Discount market	3,413	−228
Other	332	+ 56
UK, Northern Ireland Treasury Bills	1,200	+117
Other bills:		
Local authority	436	+ 78
Commercial	1,034	+ 13
British Government stocks with one year or less to final maturity	453	+ 56
Other	—	—
Total reserve assets	7,343	+111
Ratios %		
UK banks		
London clearing banks	12.0	− 0.2
Scottish clearing banks	12.8	− 0.3
Northern Ireland banks	14.5	+ 0.5
Accepting houses	13.9	+ 0.2
Other	13.1	—
Overseas banks		
American banks	13.2	+ 0.2
Japanese banks	14.1	− 0.1
Other overseas banks	14.5	− 0.3
Consortium banks	15.2	− 0.3
Combined ratio	13.0	− 0.1
	£m	£m
N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	208	+102
2—Finance houses		
Eligible liabilities	537	+ 20
Reserve assets	54.9	+ 1.6
Ratio (%)	10.2	− 0.1

Special deposits at June 18 were nil (unchanged) for banks and nil (unchanged) for finance houses. * Interest-bearing eligible liabilities were £38,940m (up £1,387m).

FINANCIAL TIMES SURVEY

Wednesday July 9 1980

IRELAND

After almost a decade of vigorous growth Ireland's economy has become abruptly faced with a number of major problems—not all of them stemming from the world recession. Alongside these remains the seemingly unresolvable political problem of a divided Ireland.

Economic issues to the fore

By Stewart Dalby

Dublin Correspondent

TO ALL appearances Ireland has passed through a year of great change. In the domain of politics it received a new Prime Minister in the shape of Mr. Charles Haughey, a man who was a contender for the job as long ago as 1966 and who might well have grasped the premiership before now had his career not received a sharp setback because of his involvement in an arms trial in 1970.

In the past year too Ireland set up its own currency, the Irish pound, and went on to cut the historic 150-year-old parity link with sterling in a move which had great symbolic importance. By joining the European Monetary System—the decision which occasioned the break with sterling—Ireland saw itself as declaring its economic maturity. It felt that its economy had become dynamic enough to loosen further the ties with Britain and to associate itself more closely with the more thrusting economies of the Continent.

Beneath the changes, however, some old headaches have remained.

Like a dull persistent throbbing which simply will not go away the intractable problem of Northern Ireland refuses to be solved. Violence continues almost daily in the six-counties UK province as Mr. Haughey's ruling Fianna Fail party in Dublin maintains that there can be no lasting peace until reunification of the two parts of Ireland is achieved by peaceful means. With the majority of Protestants in the province, through their elected representatives, adamantly refusing to have anything to do with the Republic, and with the British Government seemingly agreeing with them that the union should be preserved, the chances of progress towards the Fianna Fail goal are remote.

Perhaps nothing, over the long term, can stir feelings among many Irishmen so passionately as the Republican cause. But a sharper and more immediate headache—and one which is certainly to the fore in Mr. Haughey's mind, since it could affect his chances of re-election come the middle of 1982—is the parlous state into which the economy has fallen.

Ireland has just experienced a decade of unparalleled growth and prosperity, even allowing for the recession in 1974-75 set off by higher oil prices. At the root of the boom, which many tagged the Irish economic miracle (an epithet which in retrospect was perhaps not so clever), lay Ireland's membership of the Common Market.

As a net exporter of food, particularly beef and dairy products, Ireland was well placed to benefit from the Common Agriculture Policy when it joined the EEC in 1973.

With special transitional prices, agricultural incomes soared. Helped by regular devaluations of the Irish Green pound, incomes in the farm sector increased by 140 per cent in the five years 1973-1978.

Membership of the EEC also meant, however, that industrialisation could proceed rapidly. Attracted by a generous package of financial incentives and a system whereby exports were not taxed, a large number of foreign companies, particularly Americans, set up in Ireland. This meant in turn that exports of manufactured goods increased quickly.

Reduced

Ireland has still not reached the point where it has a positive trade balance, but one effect of the growth of manufacturing industry has been that dependence on Britain and its cyclical economy has been reduced. Fifteen years ago 65 per cent of exports went to the UK; the figure now is less than 50 per cent.

By 1977 the economy was firing well on both the agricultural and industrial fronts. To regain power from the Fine Gael-Labour Party coalition Fianna Fail promised to prime the pump further and reduce unemployment altogether.

Fianna Fail was returned to power in 1977 and proceeded to implement its election promises. Taxes were cut, domestic rates were abolished, Government spending went up and the budget deficit too.

There were always at least two things which could have gone wrong for the Government. First, in an open economy where trade accounts for 95 per cent of Gross National Product (GNP) and where there are few natural energy sources, there was the danger that increases in the price of oil would bring unbearable pressure on the balance of payments.

The second worry was that by running up huge budget deficits (the Public Sector Borrowing Requirement (PSBR) was 14 per cent of GNP at the end of 1979) as well as allowing generous wage increases on top of tax cuts, excess demand would build up and the effect on the balance of payments would be the same—an unsustainable balance of payments deficit.

Both phenomena did occur, so that by the end of 1979 the balance of payments deficit was a near-record I£740m. This was untenable by any standard since it was not covered by capital inflows and invisible earnings and meant drawing on reserves.

The problem was made worse, however, in that Ireland had an independent currency and no longer had the protection of being *de facto* part of the sterling area. Membership of an effective fixed exchange rate system like the EMS entails greater balance of payments discipline if the Irish pound is not to come under pressure for devaluation.

The central bank, with an ability to exercise an independent credit policy for the first time, has practised tough discipline. Last year it refused to allow credit to expand by more than 18 per cent (after a 36 per cent rise in 1978).

This year it has laid down a 13 per cent limit. But credit control in itself is unlikely to be enough to remedy the balance of payments. One of the first things Mr. Haughey did on taking over from Mr. Jack Lynch last December 16 was to issue stern warnings about the country living beyond its means. In the budget an attempt was made to cut spending, so that if all goes according to plan the PSBR should drop to just over 10 per cent.

There are many, however, who say that Mr. Haughey should have been even tougher, since the economic situation could worsen before it gets better. The central bank among others has forecast that the balance of payments will not improve because of the recent oil price increases. The likelihood is that the country will have to borrow abroad by next winter.

It will of course be in a much happier position if it can borrow against a background of oil of its own. Both Government and industry are nervously awaiting the results of drilling in the Porcupine Bank in the Atlantic, some 120 miles off Galway in the west of Ireland. Last year the Aran Energy/BP consortium made a find which flowed at a rate of 5,500 barrels per day. On the basis of this discovery the British stockbrokers Wood Mackenzie reckoned there might possibly be a field of 300m barrels in the Porcupine.

Collateral

It would be the mid-80s at least before any oil could be brought ashore. Indeed, because of the depth of the water (the Aran/BP field was at 1,200 ft twice the depth of the deepest North Sea oil well) and the distance from shore, it may well be that the oil, assuming it is there, will not be commercially viable for some time. If oil is found, however, it will be useful loan collateral.

Again, though many economists will be watching Mr. Haughey to see whether he does borrow against the oil—and if he does, whether he borrows the right amount—or whether he puts the country more greatly into debt for development purposes (its credit rating is still very good despite increases in loans in the past three years).

In fact, although Mr. Haughey keeps saying that solving the problems of Northern Ireland is his top political priority, his chances of being re-elected will more likely turn on his management of the economy.

This year the economy will probably grow by only one half of one per cent, if at all, and personal incomes could drop by as much as 2 per cent. Inflation will probaby run at some 20 per cent.

Latest opinion polls have shown Mr. Haughey running neck-and-neck with Dr. Garret FitzGerald, the leader of the main opposition party, Fine Gael. In terms of personal popularity, Fianna Fail has an unprecedented overall majority of 16 in the 148 seat Dail (Parliament) despite the by-election results, so in theory Mr. Haughey could run to the end of the term in 1982.

If Mr. Haughey has inherited a difficult economic and by extension electoral situation from his predecessor, however, the short-lived boom was not entirely a disaster—creating more problems than it solved.

If nothing else, the surge in personal incomes in the late 1970s did wonders for Irish self-esteem. It helped lessen the sense of inferiority that Ireland retains towards Britain, its long-time colonial master. In turn, Irish Prime Ministers have been able to deal with British leaders more even-handedly as equals.

Mr. Haughey has himself, since taking office, stressed that the Republic's underlying economic well-being is one part of his general theme of trying to persuade the Protestant community in the North to have closer links with the Republic through consent and mutual self-interest.

So far he has had a very frosty response from both the Unionist leaders like Mr. Ian Paisley and from the British Government, which is pressing ahead with its so-called internal settlement for political devolution.

Mr. Haughey will undoubtedly pursue his claim for re-unification, or at least closer ties on federal lines. First, though, he has his economic worries and the problem of getting re-elected. Once those are out of the way, it may be possible to see the real cut of Mr. Haughey as a realistic Republican statesman and an efficient economic manager.

Tough decisions ahead as economy falters

IT WAS the Leader of the Opposition, Dr. Carret FitzGerald, who in a speecb last winter first publicly suggested that a major oil crisia was on the way again—and added a warning tbat this time the Irish economy was mucb more vulnerable than in 1973. He had coocluded, after an energy meeting in Paris, that the round of price increases then just beginning would be prolonged and substantial.

Dr. FitzGerald was rigbt about that and it is becomiog clear that his observations on the implications for Irisb economic performance also had considerable validity.

Tbe biggest single difference between 1973 and now is the size of Covernment borrowing. Ireland did not begin to run regular deficit budgets until the 1970s and the first substantial borrowing was undertaken in the wake of the 1973 oil price increases.

The idea was to tide the country over the worst of the consequent recession and to a large degree it worked. Employment, living standards and growth all held up better than they would bave done bad there been no resort to borrowing.

But if Ireland was slow to join the borrowers, it has shown little sign since of returning to the world of balanced budgets. Government borrowing last year was almost 14 per cent of Cross National Product (GNP) and will still be over 10 per cent in 1980 despite a real fall in non-pay spending.

At the same time, and doubtless connected with this bigh borrowing, tbe balance of payments deficit bas increased, reaching I£740m (£666m) last year. As a proportion of GNP it represented a deficit exceeded only once before, in the early 1950s.

Rising oil hills—and Ireland relies on Imports for over 70 per cent of its energy—mean this deficit is likely to remain around the same level in 1980. But It is clesr that oil did not cause the deficit: it merely made a bad situation worse.

The hlame for this state of affairs bas become a central political question. The opposition says the Government rasbly over-heated the economy in order to fulfil irresponsible election pledges. Defenders of the policy say it would have worked had the oil crisis not intervened.

Most economists agree that Government policy in recent years bas been "pro-cyclical" and the timing of elections has undoubtedly played a part in this. The net effect is that the economy was boosted when it was growing — and now that it faces difficulties Government finances dictate that deflationary policies must be pursued.

The turnround is dramatic. Economic growth — 3 per cent in 1979 — is expected to fall to somewhere near zero in 1980. Consumer expenditure will decline by 2 per cent.

The central bank expects investment, which increased by more than 14 per cent last year, actually to decline in 1980, although some other forecasts are not so gloomy. Meanwhile inflation will rise at least five points to 18½ per cent.

But even this sharp degree of deflation is not expected to produce a dramatic improvement in national finances and the complaint has been heard that high public borrowing is squeezing out the private sector.

The downturn may indeed be sharper because of the tight credit policies pursued by the central bank. In its efforts to maintain the value of the Irish pound within the European Monetary System the bank has tightened its credit growth guidelines to 13 per cent for 1980.

The bank has also been the firmest advocate of serious attempts to reduce both Exchequer borrowing and the balance of payments deficit. This year, it warned in its quarterly bulletin, Ireland's credit-worthiness could soon be called into question on international money markets.

The country's credit rating is still high but this is thanks to that late start in the borrowing stakes. The bank fears the position could change soon. Official external debt has doubled in the past two years.

Doubled

The fear is that the new underlying strength in the Irish economy created by the growth in manufacturing industry could be damaged if corrective measures are not taken now.

But it is increasingly clear that those measures would be most effective in the thorny area of pay. There is little scope for more cuts in public services and the Government has been forced to reduce the levels of personal taxation.

Negotiations for a new national wage agreement are getting under way but the omens are not good. Although there is no formal agreement on indexation, union leaders have become used to national agreements which cover cost-of-living increases fully.

They bave rejected arguments from the Government that increased oil prices cannot be compensated for and from the employers that they cannot pay out for indirect taxes imposed by the Government. Nor is there a disposition to take personal tax reliefs into account.

Yet a repetition of the past two years, when public sector pay rose by more than 20 per cent a year, would rule out any possibility of a fall in Government borrowing or a return to counter-cyclical policies.

In these circumstances another national agreement cannot be taken for granted. Some observers believe the Government missed an opportunity by not calling for a public sector pay policy before the idea had been shot down in arguments between unions and employers.

BASIC STATISTICS

Area	26,600 sq. miles
Population	3.24m
GNP (1978)	I£6.315bn
Per capita	I£1,949
Trade (1979) Imports	I£4.814bn
Exports	I£3.499bn
Imports from UK	I£2.555bn
Exports to UK	I£1.889bn
Currency	Irish punt
I£1.1052=£1 sterling	

Many believe that if the Government cannot get less than full indexation in a national wage agreement it will take its chances on a "free-for-all." Others think the uncertainty and the danger of increased industrial strife will ensure a collective agreement in the end.

Either way the bargaining is likely to be harder than in previous years. But with Dublin political gossip already speculating on an early election the degree to which long-term considerations will apply is again in doubt.

By a Correspondent

Foreign policy hinges on Brussels and Belfast

STRENGTHENING OF its commitment to the Common Market and determination to bring about closer links between the Republic and Northern Ireland by any means other than terrorist violence are the two main objectives of the Irish Government's foreign policy.

They are more closely related than might seem on the face of it. Ireland's enthusiasm for the EEC stems in large measure—as in tbe case of some other smaller members—from unabashed self-interest. As a net exporter of food Ireland bas benefited enormously from the Common Agricultural Policy (CAP). Tbere is a widespread awareness of the bonanza which the CAP has meant for the country which goes well beyond just the politicians of all parties. This means there is not the ambivalence about the EEC that exists, for example, in Britain. Apart from the CAP, Ireland as ooe of the poorer members of the Community bas done well enough from the regional and social funds—and might do better still if these funds are boosted as many members of the European Parliament have called for.

But self-interest apart (and Irish Ministers can and do argue as fiercely for farm price increases as Ministers from other countries strongly oppose them) Ireland is notably more *communoutaire* in spirit than Britain.

Descendants

The Irish are active in Foreign Ministers' Councils, partly because it is felt that this is one area where individual Ministers froo smaller countries can make a contrihution disproportionate to their size. Dr. Garret Fitzgerald, leader of the Fine Cael oppositioo, is one example which springs to mind as a politician wbo made an imoact on the world diplomatic scene wben he was Foreign Minister of the Fine Cael/Labour Party coalition and Ireland held the presidency of the Council of Ministers.

Ireland is also always ready to act as bonest broker between the squabbles of the larger and stronger members. Mr. Jack Lyneb, the previous Prime Minister, was aingled out for praise by Mr. Roy Jenkins, the Presideot of the EEC Commission, for his cbairmanship of the Dublin summit last December. Even thongb that summit aborted over the questioo of Britain's bndgetary contributioo, Mrs. Thatcber, wben asked, said sbe bad found the Irish "helpful and sympathetic."

Tbere are other psychlogical and practical reasons, bowever, why Ireland revels in its membersbip of the EEC. Symbolically it is seen to bave altered Ireland's relationship with Britain. Tbe prosperity which membership bas brought bas enabled Ireland further to loosen its ties with Its former colonial master. Membership is somebow felt to bave emphasised Ireland's sovereignty and independence vis à vis Britain. In turn, this greater sense of independence has been important in Ireland's dealing with Britain over Northern Ireland.

Oo a practical level, Ministers from botb Britain and Ireland meet all the time at councils. Tbe EEC encourages closer contacts by its very nature. It did not pass unnoticed, moreover, that at the recent Venice summit Ireland's Mr. Haughey and Britain's Mrs. Thatcher bad a sbort bilateral meeting where It is thought they discussed the Britisb Government's plans for limited devolution.

The closer links and the greater confidence among the Irish are important because successive Irish Prime Ministers have felt that Dublin's views on the North bave not been considered or taken into account. Some British Governments in recent years have more or less snubbed Dublin, saying in effect that British policy in Northern Ireland is none of Dublin's business and repeating the accepted Unionist line that the problems of tbe North are for the Britisb Government and the people of the province to sort out.

The position of Mr. Haughey's party doctrinally is that Ireland sbould be a united Ireland and that there should be a 32-county State. In its constitution, wbicb was drawn up by a Fianna Fail Government, Ireland lays claim to the six counties of Northern Ireland as part of Ireland's sovereign territory.

Fianna Fail is the party of Eamon De Valera and those wbo opposed acceptance of the treaty which partitioned Ireland in 1921. Fine Gael, the main opposition party, is the descendant of tbose who accepted the treaty and set np its provision for two parliaments, one in Dublin and one in Belfast, and set up tbe Irisb Free State in the South.

Tbe Fine Gael position today is that they would like to see closer ties between the two parts of Ireland but on a coofederate basis.

The most recent comprebensive Fianna Fail statement towards tbe North policy came in 1975. The party reaffirmed that its goal was re-unification of the two parts of Ireland by peaceful means. The party also called for a British deciaration of intent to withdraw from Northern Ireland.

The document was drawn up wben the party was in opposition, and even though it was Mr. Lynch himself who called for the declaration of intent there was a persistent feeling that he was not entirely keen on the hard line.

He had, while Prime Minister from 1966 to 1973, introduced some tough anti-terrorist laws. When he became Prime Minister again in 1977 be was perceived to move ever so slightly away from the traditional Fianna Fail line by talking about an internal political initiative as a necessary first step.

He never repudiated the goal of re-unification by peaceful means, although he consistently condemned activities of the Provisional IRA and other terrorist groups. The Provisional IRA, whose political wing Provisional Sinn Fein is legal in both the Repnblic and Northern Ireland, regard themseives as the true descendants of the men who staged the Easter Rising in 1916 and declared the republic. Eamon De Valera was one of those men.

In the aftermath of the murder of Lord Monnthatten by the Provisional IRA last August, Mr. Lynch agreed with Mrs. Thatcher on tighter security co-operation between the two countries.

This is basically the situation whicb Mr. Haughey inherited wben he took over from Mr. Lynch last December. Mr. Haughey continued the new security arrangements. These largely remain a secret but certainly include more cbecks by the Irish army and police on their side of the border on cross-border traffic. They are also thougbt to include over-flight rights along a narrow corridor by Britisb army helicopters.

Mr. Haughey quickly moved to squash his image as a tongher republican than Mr. Lynch by condemning the Provisional IRA and all their activities. But he has moved sligbtly from Mr. Lyneh's position on an internal settlement. He bas recently said that the British Government's initiative for political devolution, which was outlined in last week's discussion document, is doomed to failure.

Mr. Haughey appears to believe that the problem is not a question of finding a limited form of political devolntion. He feels it is the existence of the state itself.

What he wants is to encourage the people of Northern Ireland to have closer links with the Republic by pointing out the advantages to them. He has talked of Northern Ireland's economic deterioration and Ireland's new-found prosperity. He has hinted at changing the constitution in matters like divorce and contraception. He has even suggested that he would not rule out, for an initial period at least, some kind of federal arrangement.

As part of this process be has tried to launch what he calls closer political co-operation with the British Government. At a first full-length and very cordial meeting with Mrs. Thatcher last May Mr. Haughey said that in his view the British guarantee that Northern Ireland will remain part of the UK so long as the majority of its citizens wish it is a major stumbling block to closer ties.

Mrs. Thatcher may have heard Mr. Hanghey out politely, but for the moment sbe is sticking to the Unionist position. The Government's discussion document shows that it is determined to pnsh on witb its plan for an internal solution. Mr. Haughey realises that the process of winning the Protestants over to closer links with the Republic will be long-drawn out.

If and when Mr. Haughey gets re-lected and if and when Mrs. Thatcher's initiative fails, then both governments might be willing to think again about closer ties. The Protestants will be barder to win over. Meanwhile it can be expected that Mr. Haughey will push his message in any forum be can.

Stewart Dalby

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Key tourist revenue flagging

THE IRISH tourism industry, which in normal circumstances is the country's largest invisible foreign exchange earner, is going through a difficult period. The world tourist trade is of course suffering as a result of many factors including economic recession and the impect of increased oil prices on air fares. Ireland is particularly badly hit by most of them and is having to struggle to match last year's figures.

The volume of tourist business fell 3 per cent in 1979, dashing hopes of maintaining the momentum achieved in 1977 and 1978, during which time Ireland attracted a half million additional toursts. Not even the Papal visit to Ireland (said to have brought 30,000 visitors) proved equal to the task of offsetting the losses to tourism caused by the Post Office strike and petrol shortages during the early summer of 1979.

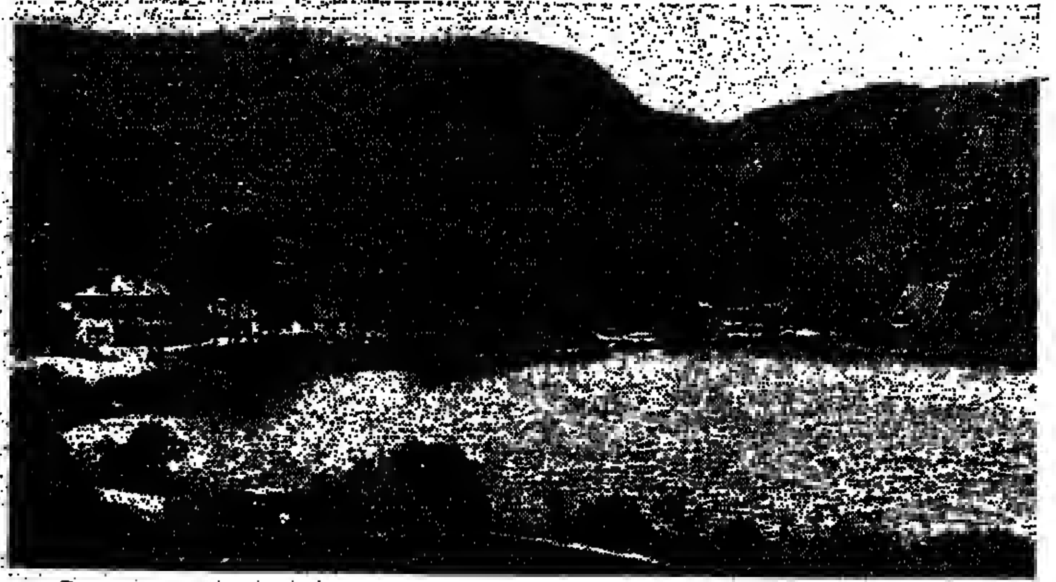
Revenue returna were about I£400m (£360m), including home holidays and carriers, compared with I£376m in 1978. This increase did not match the rate of inflation. A good year for tourism would have helped to alleviate the pressure on the balance of payments, which rocketed to an extremely high deficit figure for the financial year.

The year before had been the best ever for Irish tonrism and virtually every part of the industry did well. The success of 1978, and indeed 1977, was attributed by Bord Failte, Ireland's tourist board, to the revitalising of the industry and the efforts made by all sectors to work together in "aggressive marketing" of Ireland abroad.

Certainly there were changes in the structure of the market. Whereas in 1968 the total of visitors to Ireland was estimated to have come 68 per cent from Britain, 11 per cent from North America, 4 per cent from Continental Europe, 26 per cent from Northern Ireland, and 1 per cent from the rest of the world, in 1978 the pattern was 45 per cent coming from Britain, 15 per cent from North America, 13 per cent from Continental Europe, 24 per cent from Northern Ireland and 3 per cent from the rest of the world.

In 1978, for the first time, the total tourists exceeded 2m. This represented an increase of approximately 12 per cent on 1977.

Close on 1m tourists came from Britain in 1978, a 15 per cent increase on 1977 and the largest single increase ever achieved from Britain or any other market. The Irish tourist trade revelled in the fact that it was attracting the British visitor again after the sharp fall in numbers in the early seventies because of the Northern Ireland situation.



Gaugane Barra in Co. Cork, representative of the quiet charm for tourists of much of Ireland's countryside

The recovery in British traffic to Ireland in 1977 amounted to an 8 per cent increase and a broadening in market appeal—i.e., an above average increase in growth in non-ethnic sectors was emerging. It seemed during the 1977-78 period that the purely British tourist (non-related Irish) was no longer inhibited by the political unrest in Northern Ireland.

It is, however, hard to assess wbat effect, if any, the murder of Lord Mountbatten in Co. Sligo last August will have on the market this year. It is thougbt that wbatever anti-Irish feelings the event might bave aroused in the sbort term, it will not affect to any great extent the numbers coming from Britain to holiday in Ireland this year, or damage the softening of attitudes towards Ireland which contributed to the revival of the market in the previous two years None the less, it is recognised within the tourist trade that the Northern Ireland situation still places constraints on potential growth.

Bookings

The trend this year was frightening at first glance. Gradually, however, the tourist trade identified a change in normal practice towards late bookings or no bookings. For instance, one ferry reported in mid-June that on one occasion they had 22 bookings, but 98 cars arrived before departure for Ireland. The tourist bodies now hold a more optimistic view for the second half of this year.

In May Bord Failte began a big promotion campaign in Britain. It spent £60,000 alone on radio promotion and within three weeks got 15,000 enquiries, with carriers reporting an increase in bookings. There is an obvious emphasis on carriers in this market as B and I and Sealink, among other operators, offer special fares, incentives and off-peak deals. (The jetfoil from Liverpool to Dublin, which seats 260 passengers, is popular with many.) Carriera are down about 8 per cent on projections at the moment, but this represents a great improvement on the figures for March.

Over 70 per cent of tourists come to Ireland in the period June/November. At the beginning of 1980 Bord Failte boped for a 7 per cent growth in traffic. It does not expect anything near that figure now, but is anxious to match last year's figures.

Continental Europe proved to be the bright spot last year, with numbers rising about 7 per ceot compared with 1978. It ia now Ireland's fastest growing market. In June of this year a top level delegation from the Irish tourist industry, includiog Ireland's Minister for Tourism, Mr. Desmond O'Malley, and Bord Failte's managing director, Mr. Joe Malone, went to Frankfort.

There the group told 70 major tour operators from Germany, Switzerland and Austria of attractive new package deals for late-season Continental visitors. The Irish Hotels' Federation, car rental operators and Bord Failte put forward a corporate winter programme for 1980-81. This consists of an agreement by hoteliers to set a uniform price for the programme (the idea being that it is better to have a full hotel with rooms at £8 a night than empty rooms at, say, £18 a night).

The package deal which should come to a price between £70-£80 per week, will include six nights' accommodation, bired car, and soch extras as discount shopping vouchers and theatre tickets. Bord Failte is hopeful that this plan will draw in some £7.9m.

The scheme will come into operation in September and run until next March. Special air fares will apply—about half the normal return fare. The price from Dusseldorf, for about £176 per person all-in. Visitors will get a cboice of 30 grade A hotels. (In Duhlin there are seven such botels—i.e. those maintaining the bighest standards hy Bord Failte criteria.) Tourists will be able to travel all over the country and stay in different hotels. Bord Failte has put up £150,000 for a big advertising campaign in Europe, Britain and America thia year, and the industry bas put up another £200,000.

A big campaign was launched in the U.S. in June also offering ebout 35 different package holidays. This was in response to the drop in the numbers of American tourists to Ireland last year of about 10 per cent. The days of "Ireland on $5 a day" are gone for good, though. This year fewer Americans are travelliog to Europe in general, and this will affect Ireland. A further drop in numbers from the U.S. is expected by the end of 1980. Claims have been made by some American and German nationals that a boliday in Ireland is no longer value for money.

Certeinly, now that Irelend has its own currency, fluctuations together witb a soaring ioflation rate have made it more expensive to holiday in the country. (English visitors will themselves in exchange transmake a nice few pounds for actions but they will still find Ireland getting more expensive.) Given that the inflation rate is not going to take a downward plunge, Bord Failte has emphasised to operators that they must try especially hard to give value for money, aod more important, to he seen to be doing so hy advertising and promoting themselves.

Of the I£17m budegt for 1980 allocated by the Government to Bord Failte some £18m will be spent on marketing. The aim at this stage is to try and attract something like the 2.196m visitors who came to Ireland last year. As at this time last year they are faced with a huge task hecause of both domestic and international problems.

Last month another serious domestic problem hit the tourist industry directly. This was the start of a strike by 1,000 craftsmen employed by Aer Lingus, the national airline, who are seeking a relativity pay increase. Aer Lingus is operating at only 50 or 60 per cent of capacity, and thia has meant the loss of a minimum of 25,000 potential tourists in June alone. Some would say this figure is conservative, though admittedly it is hard to estimate the effect of the strike. Aer Lingus is, however, endeavouring to give a fairly regular service on key routes and is bringing thousands of foreign students and ordinary visitors into the country. Perhaps it will be able to make up for losses later in the year thanks to co-operation with other operatore in the industry.

Festivals

Until the last few years Bord Failte handled a lot of festivals in Ireland hut these now have been haoded over to the Arts' Council and other operators. These festivals in themselves do not make a great impact on tourist revenue in general, but they do belp certain regions and towns around the country to bighlight their existence and promote trade locally. Several chartered flights from America arrive annually for the Festival of Kerry.

There is a theatre festival in Duhlin in the autumn and a small, though very reputahle opera festival held in Wexford. The Wexford festival which is held in a theatre with a capacity for only 400 people, it not a financial success, but has achieved much acclaim abroad for its higb quality and the presentation of operas often not performed elsewhere.

In 1978 Ireland's first National Folk Theatre was set up, and recently too the first National Ballet Company. Visitors to Ireland this year who have not heen here for a decade or so will perbaps notice an awakening of interest in the arts and in the country's archeological and musical heritage.

Aideen Quigley

Seeking answers to energy problem

FOR A while last year the most widely-traded sbares on the London Stock Exchange were those of Aran Energy. This is a small Irish-based concern whose significance lies in the fact that it has a 16 per cent stake in the BP consortium which last year found oil off Ireland's west coast.

who knows is prepared to say—whether the find is a commercial one. But there will be more eyes than those of anxious Aran shareholders on this season's drilling results.

Even though oil from the Porcupine basin could not be ashore before the late 1980s—and perhaps not even that soon—the fact that oil was there wonld profoundly influence decisions which must be taken soon on Ireland's future energy strategy.

The importance of those decisions was emphasised by the establishment of a separate Department of Energy earlier this year. In part, this was to find a brief for Deputy Premier George Colley after his defeat for his party's leadership.

According to some reports there have been familiar difficulties in persuading the civil service to treat the new Department seriously. But Mr. Colley has used his new post to bring the energy question before the public. In the circumstances it seems likely that the Department will remain and grow.

Dependence

The main problem is to reduce the country's dependence on oil, which now eccounts for three-quarters of Ireland's power generation.

Projections from the Irish Institute of Industrial Research and Standards (IIRS) suggest the country should aim for a mix where roughly a third of energy requirements come from oil, a third from coal and the rest from a combination of peat, gas, nuclear power and renewable sources.

Definite decisions have been taken to increase the contribution from coal and peat. A 300 MW coal-fired station is to be built and the Irish Peat Board is in he middle of a major development programme.

This will donble production of turf for domestic use and increase that for electricity generation by 40 per cent. The Board is also taking a look at peat bogs which were previously regarded as uneconomic but which could compete at future energy prices.

One of the first tests of the Government's commitment to an energy policy may be its attitude to the price of turf, now held at levels well below other fuels. Mr. Colley will be pressing Cabinet colleagues to ease the price restrictions.

Peat is unlikely to provide more than 20 per cent of energy demand, however. The nnly other pcoven native resources is the nffshore Kinsale gas field.

A decision must be made whether to build a £100m gas grid which could carry gas to consumers in Dublin and nearby towns. The advantage would be more efficient use of the gas instead of the present policy of using a third of the output for power generation.

There are also hopes that renewable sources could make a small but significant contribution by the next century. Four experimental windmills are to he built on the west coast, one of the windiest areas in Europe.

There may be more promise in biomass, using the vast tracts of bog left when the peet has been extracted. Experiments are already under way with quick-growing trees such as willow.

The decision on whether to build the country's first nuclear power plant appears to have been postponed. In part this reflects public anxiety after the Harrisburg accident in the States bnt also results from a more cautions approach as to wbat Ireland's future energy demands might be.

As the UK experience shows, it is difficult enough to forecast energy growth in a developed industrialised economy. It is even harder in a developing one like Ireland's.

If the country is to provide employment for its growing populetion and raise living standards to European levels, substatnial rates of economic growth will be required. Forecasters, particularly among semi-official bodies, are relnctant to imply that these rates might not be achieved wben making their assumptions.

But if the assumptions are too optimistic, and if there is substantial conservation in response to price, Ireland may not need another power station until well into the 1990s.

Even then the IIRS believes the plant should be nuclear in order to widen the mix of energy sources. The proponents ef ceution say that by that time nuclear technology may well he cheaper and safer than it is today.

Advantages

The objective of widening energy sources is likely to remain, even if offshore oil is found. The main advantages of such a find would he security of supply and a lessening of the drain on the balance of payments, with an oil bill of over I£800m this year.

But the Porcupine basin is yielding its secrets slowly. This is partly because of the short drilling season but also because ideas about its geology are changing.

Early belief that any oil-bearing basin would be a large one heve been modified and geologists are now talking abont e "string of pearls," or series of small structures.

There is more optimism than ever that there are commercial qnantities of oil. But extracting it from 1,400 ft of water in some of the world's wildest seas will pose enormous technical problems. The British stockbrokers Wood MacKenzie have estimated the Porcupine field tested by the Aran/BP consortium could contain 300m barrels. This would supply Ireland's needs from the mid-1980s for 10 years. The Minister for Energy, however, has said the field may be nearer 100m barrels.

It was pointed out recently that, with present technology, a fracture on the seabed at 1,400 ft simply could not be repaired. The heaches of the west coast are also e natural resource, though of a different kind.

By a Correspondent

IRELAND IV

Farm incomes caught in squeeze

CONTINUING TALK of the bonanza for Irish farmers brought about by EEC membership makes it difficult to grasp fully the magnitude of the difficulties Irish agriculture is facing. But the facts are that in the two years 1979 and 1980 farm incomes are forecast to fall by over 40 per cent in real terms. Following the high expectations for farming following EEC entry it is hard to cope with this sudden reversal in the fortunes of the farming community.

The detailed situation can be spelt out as follows. Farm incomes in 1979 on the official definition are estimated to have fallen by 10 per cent over the previous year—though 1978, it must be admitted, was a prosperous year by any standards. Inflation last year was just over 13 per cent, so the drop in real income was almost 25 per cent.

Forecasts for this year indicate a small rise of 4 to 5 per cent in nominal farm incomes, but with inflation expected to be in the range of 18 to 20 per cent a further drop in real income of 15 per cent can be expected. The improvement in farm incomes relative to incomes in the non-farm sectors experienced during the transition years to full EEC membership has now been eroded.

Why has there been this sudden reversal in the fortunes of Irish agriculture? The principal reason is that farmers are caught in a squeeze between rapidly rising costs and almost static price levels. Farm input costs rose by 13 per cent in 1979 as a result of higher energy costs, domestic inflationary pressures and the rising cost of UK imports, and are forecast to increase by a further 16 per cent in 1980. On the other hand, prices received by farmers rose by a mere 6 per cent in 1979, and are expected to rise by little more than 3 per cent this year despite the 5 per cent increase in institutional prices agreed by the EEC Agricultural Ministers in June.

In previous years of high inflation Irish farmers were compensated for increased costs by devaluations of the Irish Green £. But there is no scope for relief from this source at present. The Irish Green £ is currently within the 1½ per cent franchise or margin over the market rate, so monetary taxes on exports have been eliminated. While a devaluation of the Irish £ within the European Monetary System would provide scope for a further Green £ increase, this would only provide short-lived relief as it would soon be eroded by inflation.

Interest charges in particular are proving a severe burden on those farmers who undertook borrowing for development in recent years. The Irish Farmers' Association has recently called on the Government to underwrite the exchange risk for farmers converting their borrowings in Irish pounds to cheaper foreign currencies to provide relief to their group.

Price/cost problems have been compounded by the lack of growth in volume terms in the last two years. Gross output showed no increase at all in 1979, and the forecast increase this year is between 1½ and 2 per cent. The Minister for Agriculture, Mr. McSharry, has tried to paint a more optimistic picture by suggesting that net output will increase by 7 to 8 per cent this year, but most of the improvement in net output will come not from increased gross output but from a fall in the use of inputs from last year's levels.

Disposals

Little change is expected in cattle output this year, accounting for almost 40 per cent of are running at a higher level agricultural output. Disposals than last year, but no increase in stocks is forecast. Cattle prices this spring have been disappointing, but are expected to be higher this autumn than last year, thus giving rise to a small price increase for the year as a whole.

A major problem for the beef industry is seasonal nature of supply, which results in less than full utilisation of factory capacity and creates problems of continuity in marketing. Irish factories therefore rely on intervention as an outlet for beef to a much greater extent than those elsewhere in Europe.

Irish beef producers are also angry at what they see as mismanagement of the beef market by the EEC Commission. The system of import levies and export refunds on beef operates in such a way as to encourage the import of high quality beef, in which the Community has a surplus, and to encourage the export of low quality beef for which the Community is in deficit. Nor are they happy with the various preferential agreements that have been concluded, such as the agreement with the Americans to allow 10,000 tonnes of high quality beef on to the Community market under the GATT Tokyo Round agreement, which adds to the pressure of supplies within the Community.

Thatched cottages and dry stone walls in Co. Galway—a farmland setting typical of the remoter parts of Ireland

Milk production, the star performer in Irish agriculture up to 1978 with an average annual growth rate of about 9 per cent between 1975 and 1978, has had two disappointing seasons. A late spring and reduced feeding in the later part of the year depressed yields in 1979 and the growth in output fell to just over 2 per cent. An even smaller increase is forecast for the present season. Uncertainty over taxation for larger producers, the EEC price proposals and the co-responsibility levy, and the growing attractiveness of winter cereals may all have contributed to the slower growth in output.

Although since 1978 Irish sheep producers have had a levy-free access to the French market which has resulted in significantly increased returns to sheep production, sheep numbers have continued to decline. However, the recent agreement on an EEC market organisation for sheepmeat should provide a secure market environment for expanded production.

One of the issues blamed by farm leaders for the present lack of growth in farming is Government policy towards farm taxation. In the wake of rising farm incomes following EEC accession in 1974, the then Government introduced income-tax on farming profits for a limited number of larger farmers. Although more farmers have been brought into the tax net since then, the yield from farm income-tax has remained small and many in the non-farm sectors have felt that farmers have not been paying their fair share.

Successive governments have therefore introduced a number of supplementary taxes in an effort to increase farmers' overall contribution to the Exchequer. In 1976 the 1 per cent VAT rebate allowed to farmers to offset the VAT paid on farm inputs was withdrawn and later restored. In 1979 a 2 per cent sales levy (ostensibly to contribute towards the cost of research and advisory services in farming) was introduced and later withdrawn, and in 1980 a resource tax has been introduced as a temporary measure on larger farms. At the same time the notional option for assessing farm incomes for tax purposes based on a predetermined multiplier was withdrawn in favour of taxation on accounts only.

The Government has now declared that the present tax structure and tax thresholds (around 37,000 farmers out of an estimated 170,000 are now assessed for tax) will remain unchanged for a three-year period. However, the farm organisations are less than happy with the tax code, particularly in the light of the new 10 per cent tax rate for manufacturing industry to be introduced in 1981.

Limited

The whole question of farmer taxation has been referred to a Commission on Taxation appointed earlier this year, but the Government's room for manoeuvre is very limited. Any additional concessions to the farming community will further incite the much larger PAYE sector who already feel they bear a disproportionately heavy share of the total tax burden.

Another domestic issue concerns the eagerly waited proposals for the reform of land policy. The land structure problems often associated with a contracting agricultural sector—namely a high proportion of elderly farmers and a large amount of inefficiently used land—are compounded in Ireland by the unique stability conferred by almost total owner-occupancy. Government land policy has operated through the Land Commission, whose main function in recent years has been the purchase and allocation of land for the relief of congestion.

Three years ago an Inter-Departmental Committee on Land Structure Reform proposed sweeping changes in state land policy. They recommended an end to direct state intervention in the land market and proposed instead a land agency which would monitor trends and through selective inducements attempt to channel land to deserving applicants. Selective subsidies for land purchasers and an upper ceiling on the acreage of land a farmer could farm were two of its more controversial recommendations.

The Government has recognised the need for changes and has promised a new Land Bill; but so far it has moved cautiously on the matter. Mr. McSharry has promised to introduce legislation before the end of the year and in the meantime a White Paper on the subject is to be published. The last Land Bill in the 1960s took three years to get through the Dail (Parliament), so Ireland's farmers may have some time yet to wait before they see changes on the ground.

Despite these domestic controversies, the EEC's Common Agricultural Policy (CAP) remains the most important element in Irish agriculture. As a net food exporter Ireland gains significantly from the operations of the CAP. Commission figures show that in 1980 Ireland will receive a net I£97 per head from the Community budget, compared to I£38 per head for Denmark, the next highest recipient. Direct contributions from the EEC agricultural budget amounted to I£376m in 1978 and I£425m in 1979, compared to the value of farm incomes of I£842m and I£766m in the two years respectively. The significance of the EEC contribution is even greater when account is taken of the gains from higher export prices on sales to EEC markets.

It is understandable then that the Irish feel nervous when modifications are proposed to the CAP, and oppose vigorously any anti-surplus measures introduced at EEC level. For example, the original Commission price proposals for 1980 contained a number of elements unfavourable from the Irish point of view.

The 2½ per cent price increase proposed would have given little compensation to Irish farmers for rising costs. The proposed superlevy on milk production, which would have amounted to a tax of 54p on every gallon of milk produced beyond the 1979 level, would have removed completely the incentive to expand milk production. Other unfavourable elements were the proposals to reduce Ireland's "A" sugar quota and to suspend beef intervention for some months in the autumn.

Defeated

In the event the 1980 price package eventually agreed turned out to be less damaging to Irish interests. There is a 5 per cent overall increase in institutional prices, though, because of the supply/demand situation for some commodities and the co-responsibility levy on milk, very little of this will be passed back to Irish producers of cattle, milk and cereals. The proposed superlevy was successfully defeated, though a threat to impose some disincentive on milk production if total EEC output grows by more than 1½ per cent this year remains. Both the Irish sugar quota and beef intervention arrangements remain unchanged.

In addition, two other elements in the package could provide useful aids for Irish farmers. A I£300m Western Development Scheme for infrastructural improvements and on-farm investment has been approved, to be financed jointly by FEOGA and the Irish Exchequer. There is also to be a new beef cow premium scheme. One sting in the tail is the withdrawal of grants for dairying investment from farmers outside the Disadvantaged Areas who are not following a development plan.

In the long run, however, the problems of surplus production, the cost of the CAP to the Community budget and the consequences of the second enlargement, and the fundamental contradiction of pursuing a rural social policy through action on farm prices alone will not go away.

Such issues are for the future, however. For the present Irish farmers have breathed a sigh of relief that the much delayed prices package has been finally agreed, and have turned to grapple with more pressing and immediate problems of falling real incomes, taxation and land structure reform.

Alan Matthews
Agricultural Economist, Trinity College, Dublin

Latent weaknesses in the industrial structure

IRELAND IS in the process of industrialising but can hardly yet be described as an industrialised nation.

The Republic has few natural resources—no oil (as yet) and no coal—so that even today there is a total lack of heavy industries. Ireland does not make big tankers. It does not manufacture aircraft. It has little steel-making capacity, and there is no petrochemical industry to speak of.

The drive to industrialise—and thus create jobs which agriculture could not provide—has centred on light manufacturing industry. Capital for the process has had to come largely from abroad, as there was little available for investment in industry when Free State status was achieved.

The campaign to attract foreign capital really started in 1948 when the coalition government of that time set up the Industrial Development Authority (IDA), a body which in an updated form continues to flourish today.

The IDA acts as a catalyst for foreign concerns which wish to set up a base in Ireland. Today, with an operating budget of some I£140m, it has a basic 11-point package of incentives. These range from grants for starting-up costs amounting to 40 per cent in the east. There are factory sites with subsidised rents or for purchase on easy terms. There are training grants and capital allowances. The IDA is also empowered to take equity stakes and arrange loans.

Despite all these attractions the foreign money did not start rolling in until the 1960s. Until 1965 it was difficult in any event for it to do so because of protective barriers. The Protection of Manufacturers Act and the Anglo-Irish Treaty, both of that year, allowed capital to enter more easily.

Companies trickled in during the 1960s. The availability of a literate workforce anxious for work tended to offset the disadvantages. These include primarily the lack of an industrial infrastructure. In addition the roads are poor and the telephone system remains the worst in western Europe.

The industrialisation drive really took a quantum leap, however, when Ireland joined the Common Market in 1973.

Once Ireland became a member, an American company, say, could by setting up in Ireland avoid the formidable battery of protective barriers against imports.

The charm of Ireland was further enhanced by the fact that there was no tax on exports. Since there are nearly 400m people in the Common Market and only 3.3m in Ireland, the destination of anything manufactured in Ireland was obvious. U.S. companies in particular — besides avoiding tariffs imposed by the EEC — could pay virtually no tax at all.

In the period from 1960 to the end of 1978 some I£1.6m was invested in Ireland. This is a considerable sum when it is remembered that the country's Gross National Product (GNP) today is just I£8.3bn.

Investments

Over 800 companies made investments. Of these more than half were from the U.S. and a further quarter from Britain. They embraced companies across the whole range of what might be called light manufacturing industry. There are 70 computer concerns, for example, but also just about everything else — from ventilating machinery to baby powder to hospital equipment and car components.

Under pressure from the EEC Commission, which felt the tax concession was against the spirit of the Community, Ireland agreed to alter the rules. As from January 9, 1981, all companies will have to pay a standard 10 per cent rate of corporation tax.

A 10 per cent rate of corporation tax is unlikely, however, to make much difference to a large company's profitability, and the IDA hopes — recession in the U.S. and Britain notwithstanding — that investment will keep coming in.

What the drive to attract foreigners has meant for the ownership of industry is that there are 4,500 manufacturing concerns of which 900 are foreign-owned. However, since the figure covers just about everything right down to small cottage industries, the truer statistic for companies, say, employing over 100 people is probably that nearer 50 per cent are foreign-owned.

As for the employment profile. There are 245,000 employed in manufacturing industry (about a third of the total workforce). Of these roughly a third are employed in foreign concerns. Again, however, if one takes companies with more than 100 employees it is not an unreasonable assumption that some 50 to 65 per cent of those employed in the manufacturing sector work for foreign companies.

The IDA reckons that over the period 1960 to 1978 it approved or helped create some 150,000 jobs. Although the level of unemployment has not changed that much in the past ten years (it has remained fairly constant at 10 per cent), the jobs created mask some significant changes in the pattern of employment. Emigration has dropped dramatically. Moreover, there have been a lot of people leaving the land and declining industries like textiles.

The IDA estimates that of the jobs it has helped create some two-thirds of the total employed are in positions which did not exist ten years ago.

The IDA-driven and Government-backed programme for job creation through foreign investment can justifiably be called a success. There has only been one real disaster and that was when Ferenka, a subsidiary of Akzo, the Dutch concern, closed its factory in Limerick making steel cord for tyres in November 1977 with the loss of 1,400 jobs.

There have been disputes at the Alcan alumina project, also in Limerick, where 1,300 construction and related workers have recently gone back to work after a two-month stoppage. Asahi, in Mayo, also had some trouble early on with construction.

Significantly, these disputes have all been in concerns where a large number of workers have been involved. In the smaller more typical project — say an electronics concern employing 250 workers — there have been few reports of unrest and strikes. Most strikes in Ireland appear to occur in the public sector.

The corollary, however, is that control is elsewhere. Ireland has not yet faced the problem that a boardroom far away, in perhaps Detroit or Dallas in the U.S., rather than the Irish Government, will make the decision to shut up shop and pull out.

Control of companies is loose, so foreign concerns can do this. It is still such a good deal for foreign companies in Ireland that — Ferenka aside — companies have not been pulling out. But this sort of situation could easily develop as investments get bigger.

S.D.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

How two swallows may lead to summer

Having endured two takeovers, Weyburn Engineering is now in the throes of major rationalisation. Arnold Kransdorff reports

FEW UK companies can have gone through the upheaval of a double takeover in less than a year.

From a management point of view the effect could only be both traumatic and disruptive especially if, as a result of deteriorating market conditions, it was then necessary to implement a painful programme of rationalisation.

This has been the experience of Weyburn Engineering, the world's largest independent manufacturer of camshafts for diesel engines. Weyburn, originally a sleepy little company with a market capitalisation of less than £2m, was propelled into the big time by Hugh Buckner and Ronnie Royston, two of Britain's more successful whizz kids of the 1970s.

They transformed it into a company with pre-tax profits of £2.8m and, when its market and fortunes were at a peak, sold out to the huge Carborundum Co. of the U.S. for £16.6m in May 1977.

Weyburn had just seven months with its new bosses; early the following year Carborundum, a company with net profits of around $38m a year, was suddenly taken over by the giant Kennecott Copper Corporation, also of the U.S., for a controversially high $567m. At the time the deal was the costliest all-cash transaction in Wall Street history.

Since then the enlarged group, which turned in record pre-tax income of $166m in 1979, has undergone radical and unusual restructuring. Many of Carborundum's managers have taken over key positions at Kennecott which affect the company's finances, employee relations, public relations and shareholder relations; while many division managers have lost their autonomy.

The changes have also resulted in a more centralised financial structure with tougher controls.

At one stage Kennecott even considered selling Carborundum to placate hostile shareholders who thought the original price too high. However, it decided instead to examine the possible divestment of certain operations.

Weyburn, it appears, is not part of this possible strategy—at least for the present. Plans are in motion to change its line of management, giving it a relatively more visible position in the group. This is a clear vote of confidence in the company in spite of an uncertain outlook.

Up to now Weyburn's management has been responsible to Carborundum under the overall Kennecott umbrella. As a result it has tended to be overshadowed by Carborundum's abrasives activities.

"On a day-to-day basis we have no direct contact with Kennecott," says David Hope, Carborundum's new European business manager. "Perhaps twice a year a Kennecott executive will visit us to assess results to date and discuss long-range planning, such as capital projects and new markets."

All business plans—annual as well as long-range—are submitted to the engine components division of Carborundum, based at Grand Haven, Michigan. It, in turn, submits them to Kennecott.

Under the new structure, however, from next year Kennecott will group Weyburn with the rest of its engineering companies in a separate division, making them responsible directly to the main board.

Hope thinks this change will enable Kennecott to "see our function more clearly," although he does not think it will make much difference to day-to-day management.

Meanwhile he is pressing on with Weyburn's own rationalisation plans against the background of tough market conditions. The demand for capital equipment has eased markedly in recent years, leaving many manufacturers of diesel engines, pumps and generators on short time; only car manufacturers had been doing well, although the trend in recent months has been noticeably downwards.

Since the takeover by Carborundum in 1977, camshaft sales at Weyburn have lacked their previous sparkle. Between 1978 and 1979, when sales touched $19.7m, there was only a small volume gain and the forecast for 1980—at $22m—reflects a notable downturn.

Hope, aged 44, is an Englishman who has spent 18 years working in the U.S. for Honeywell, H. B. Maynard, Allis Chalmers and Carborundum. His first four years in industry were spent in a graduate training programme in the UK while with George Bassett, the Sheffield-based confectioner.

In October last year Hope was seconded from a management consultancy role with Carborundum to Weyburn's head office at Eashing, near Godalming, Surrey. One of his first moves was to divest the company of its small precision components subsidiary at Tunbridge by selling it to the Hunting Engineering Group in April this year. This left the company exclusively as a camshaft manufacturer with factories at Eashing, nearby Elsted, Bath and Hamburg in West Germany.

The Hamburg factory, which accounts for about a quarter of the company's sales, is extremely profitable. In current market conditions it is holding up better than the UK operation, which suffers from poor productivity and an unfavourable product mix.

Hope's aim, simply, is to boost UK productivity and improve the product mix. The former is likely to involve a 30 per cent reduction in the UK workforce while the latter will mean a shift in emphasis towards using more steel and less iron; steel requires more machining skills and thus gives a higher added value.

Hope illustrates the problem by comparing the UK performance with that in Germany—a comparison which he admits is crude but nevertheless admissible. In Germany less than 100 people produce revenue of £3m a year while in the UK 300 people produce an annual revenue of £9m—in terms of sales per head the Germans are thus almost three-quarters more efficient.

Part of the reason is undoubtedly due to the favourable product mix in Germany, which is geared entirely to steel products. In the UK only about 30 per cent of production is steel, the balance being cast iron.

Hope intends to boost the percentage mix to about 40:60 in the short term as well as introduce some sweeping rationalisation measures across the whole of the group almost immediately.

He admits this will mean a considerable realignment of production facilities and consequent disruption but is hopeful that there will be almost immediate productivity benefits. His optimism extends to quoting a productivity improvement of 40 per cent by the end of 1980—an achievement which would be exceptional given the extent of the internal upheaval in the pipeline.

In the first instance he intends to close down the factory in Bath and consolidate the operation into the Elsted plant, making about 100 workers redundant. The Elsted operation will then have to be expanded to accommodate increased capacity.

In terms of capital expenditure, many of Weyburn's 30 existing cam grinding machines, which would cost up to £150,000 each to replace, will either be reconditioned or rebuilt. Also, Hope intends to spend about £1m this year alone on sophisticated computer-controlled equipment to take care of bearing and cam grinding, the final operation in the manufacturing process.

The rest of Hope's strategy is confined to staff changes. The only aspect which still has to get approval from the unions is a proposal for a three-shift working day to accommodate the transferred work. At present the company operates on a two-shift cycle on short time.

Elsewhere the unions have given their approval for the existing bonus plan to be changed to a new flat rate incentive scheme. "The current system is geared to quantity, not quality," says Hope.

There has also been no union resistance to the proposal to introduce multi-machine working which involves an operative running more than one machine.

Up to now the incentive scheme and lack of flexibility has meant a high rejection rate on the production line, requiring more quality controllers than might otherwise be necessary.

Hope wants machine operators to take more responsibility for quality control. This will mean a greater number of interim checks, so operatives will be supplied with better measuring equipment.

In turn this should mean a reduction in the number of workers carrying out quality control — at present 56. Hope estimates that this figure will be reduced by around 40 per cent.

But while Hope may have a measure of control in getting the company in shape, he can have very little influence over the market place. Here, as an engine components manufacturer, his output is governed by the level of new vehicle sales; only around 15 per cent of turnover finds its way into the so-called "aftermarket." The company's market profile shows that about 70 per cent of camshaft production is destined for diesel application (the balance for petrol engines) and that cars, commercial and agricultural vehicles — all non-growth areas at the moment — account for roughly two-thirds of sales.

Its sensitivity to market conditions is illustrated by the fact that it holds about 45 per cent of the camshaft market in Europe not served by the original equipment manufacturers.

All this makes Weyburn's short-term future highly uncertain, albeit perhaps through no fault of its own. Grouped with other of Kennecott's engineering activities it will have to bear the scrutiny of direct comparison with the more productive and profitable activities.

David Hope, who has been well schooled in the American way, knows this. Ringing in his ears must be Kennecott's threat to divest itself of operations which do not fit into the group's overall business strategy.

David Hope—trying to push up UK productivity to German levels

BUSINESS LAW

Hard bargaining or coercion?

BY A. H. HERMANN

A COPYRIGHT infringement suit is an unlikely weapon in the hands of a motor car manufacturer, yet it is being used for the second time within a year by BL in the defence of its monopoly of making and selling spare parts of its own design.

The desire of motor car manufacturers to keep for themselves the profitable market in spare parts is, of course, a wider issue, and different methods are used by different manufacturers in different countries. Their experience is also of interest to other suppliers of spare parts in industries where they represent an important profit-making component.

While motor car manufacturers can rely on copyright protection in the UK (on the strength of a series of judgments which are still controversial) no such protection is available on the continent of Europe. This is one reason why Volkswagen has tried to protect itself by contracting with its West German dealers and service shops that they are obliged to buy spare parts produced by other suppliers only through VW. It has been estimated that VW's turnover in Germany in such spare parts amounts to over £500m per annum.

However, the German Federal Cartel Office has attacked this arrangement as an abuse of monopoly position and prohibited VW from imposing such restrictions on its dealers and service shops. The decision was confirmed last December by the Berlin Appeal Court, which held that the restrictions imposed on dealers and service shops by VW-Audi were "unreasonable" and could not be justified by the company's interest in protecting the "good reputation and competitiveness of its vehicles."

But German car makers are still allowed to insist on supplying parts for guarantee work paid for by the manufacturer. Except for VW-Audi, no other German motor car dealer binds its dealers to a similar degree.

It is clear that if a manufacturer wants to restrict dealers in respect of parts made by other manufacturers, he will need to find a way of forcing him to accept such an onerous arrangement. The retailer may wish to be appointed as a registered dealer, but such pressure could not be applied in the case of repair garages. In the past German car makers exerted pressure by refusing to sell their original parts to independents. But this practice was outlawed in 1972 when the Federal Supreme Court held* that the intention of concentrating repairs in the manufacturers' own repair shops did not justify a refusal to supply spares to independents. A manufacturer, the court decided, may be market dominant in spares even if he does not dominate the market for the whole product. And a market-dominant enterprise may not refuse supplies in a discriminatory way, it added.

BL believes that in the UK it has no need to rely on the sort of arrangement used by VW because it can defend its spare parts market by means of the English copyright laws. But the company is finding that that area is now being undermined by EEC law. At present the EEC Commission in Brussels is considering two complaints against BL. One was made in October 1979 by Wyatt Interpart, the UK agent of Leyland's former subsidiary, Leyland Innocenti. The other was lodged by TI Silencers. BL has accused TI of selling, without licence, silencers protected by BL's copyright.

BL had in fact brought an action** against Wyatt in 1975 when BL complained of an infringement of its copyright by the importation of spare parts made by Leyland Innocenti, which was making Minis in Italy. BL claimed, under English law, that its spare parts should be protected during the designer's lifetime and for 50 years after his death; no such protection can be obtained in Italy where the parts, sold by Wyatt, were made.

The complaint lodged by Wyatt with the EEC Commission alleges that BL was abusing its dominant position in spares by invoking design protection. It argues that the parts were placed on the Italian market with BL's consent and, therefore, cannot be attacked by an infringement action in another EEC country.

In the case of Parke-Davis, the European Court upheld protection of a Dutch patent against infringement by import of pharmaceutical imitations from Italy where no patent protection for pharmaceuticals was available. BL is thought likely to benefit from the same reasoning in its dispute with Wyatt.

In the second complaint, BL is suing TI Silencers for infringement of copyright; it makes exhaust assemblies or parts reproducing the original parts made by BL. TI Silencers defended itself by arguing that it did not obtain licences from BL to make these parts because the terms under which BL was prepared to grant such licences were "oppressive and contrary to the EEC rules of competition."

In a judgment† handed down on April 2 1980 Mr. Justice Walton struck out these defences, holding that it was not an arbitrary and discriminatory abuse of a dominant position prohibited by Article 86 of the EEC Treaty to make licensing agreements under the terms offered by BL. TI Silencers appealed and the Appeal Court decision may be obtained next year.

In order to understand the legal issues involved it is necessary to keep in mind that not all spares suitable for BL vehicles, and sold by BL dealers, are protected by BL copyright. The parts suitable for BL vehicles are referred to as "BL application parts" and only some of these are "BL copyright parts." BL has granted licences for making of silencers to four UK companies.

Three of the licences provided that royalties should be paid on the entire range of BL application parts or components, manufactured or sold by the licensee and intended for use in vehicles made by BL or its predecessors. The fourth licensing agreement gives the licensee the choice, either to pay a 7 per cent royalty on copyright parts only or a 4.4 per cent royalty on all exhaust systems for BL vehicles sold by the licensee. This royalty would be reduced to 3 per cent in any three month period when the sales of BL application parts did not include any BL copyright exhaust systems.

In the TI Silencers v. BL case, Mr. Justice Walton accepted that royalties were charged on all parts — including parts not protected by copyright — solely to facilitate calculation and concluded that there was neither a restrictive practice prohibited under Article 85 nor abuse or discrimination prohibited by Article 86 of the EEC Treaty.

There is little doubt that it will be argued on appeal that licensing agreements of the type concluded by BL exclude competing products from the market as the payment of royalties on unprotected products can be seen as a penalty for selling them.

In the one case where the licensee has a choice to pay a higher rate on BL protected products, the courts will want to know whether the 7 per cent is not prohibitively high, so that the licensee will always choose the other alternative. It is at least arguable that this amounts to BL licensees having to pay more for non-BL parts than their competitors (as they have to add the royalty to the purchase price) and, consequently, are discouraged from selling them.

The problem is well known in the U.S. The U.S. Supreme Court has established the principle that coercion to pay royalties on unpatented products is wrong. More explicitly a District Court held in the Zenith†† case that Hazeltine Research "misused its domestic patents by attempting to coerce Zenith's acceptance of a five-year package licence, and by insisting on extracting royalties on unpatented products."

Should the English Court of Appeal follow the reasoning of the U.S. courts it would have to deal with the question of coercion first. It seems that in U.S. law the charging of royalties on unpatented products is in itself not illegal. It becomes illegal only when the licensee is made to agree to this by excessive pressure. The courts and the EEC Commission will have to answer the difficult question of where hard bargaining ends and coercion begins.

* *BGH KRZ 54/71*

** *High Court adjourned, F.T. European Law Letter January 1980*

† *Chancery Division judgment 2 April 1980, European Law Letter June 1980*

†† *239 F. Supp. 51 (1965)*

LOMBARD

The lamb war goes on

BY J. O. CHERRINGTON

THE LAMB WAR was originally a quarrel between France and Britain. Successive French Governments, even in non-election years, protected their sheep farmers against the importation of cheap British lamb by a series of import duties which matched market fluctuation and outright closure when duties no longer sufficed.

Until the coming of Mr. Peter Walker as Minister of Agriculture no British Government showed much concern at French behaviour, although in the run up to the last election Mr. John Silkin, then Labour Minister of Agriculture, did refer the matter to the European Court, which eventually ruled against the French action. The British line was that the deficiency payments looked after British sheep farmers and ensured the housewife or consumer, a good supply of reasonably priced lamb, plus even more reasonably priced New Zealand supplies.

Wider conflict

The French claimed not to be too worried about British lamb exports but objected to the free importation of New Zealand supplies to the UK. If the French market were to be opened the British would eat New Zealand lamb and export their own to France.

The recent sheepmeat régime, brought back in triumph from Brussels by Mr. Walker is proving on examination to contain the seeds not only of procrastination in its adoption, but of widening the conflict.

The essential trigger to its implementation would be an agreement with third country suppliers to limit their exports to the UK in return for a reduction in the GATT tariff of 20 per cent.

Negotiations with New Zealand are under way and could possibly succeed. But New Zealand is not the only lamb exporter to the EEC although by far the largest. The list includes Australia, Argentina, Uruguay, and several countries in Eastern Europe.

These countries are now insisting that they too should be consulted in any quota tariff reduction scheme which will mean that even if New Zealand agrees to some sort of limitation nothing can be finalised until all their claims are recognised. But limitation is not enough. The new regime includes exports of Community surplus lamb from intervention. The interested countries will have none of this.

The French are insisting that if they are to agree to the scheme being implemented something will have to be done to stop the leaks through their own protective cordon. These leaks have become important in recent years because imports of lamb from such countries as Belgium, Germany and Holland were not affected by the ban on British lamb. Most of the 40,000 tonnes of lamb imported into France came from these three countries, none of them possessing much in the way of sheep flocks.

The truth was that British exporters found that by sending lambs or carcases to these countries they could get into the French market duty free. Not only the British found this out.

One of the lesser known oddities of the EEC protective system is the free passage of goods between East and West Germany. Eastern European lamb is only one of the products to take advantage of this. Once over the border it is West German lamb and can enter the Community unlevied.

Licences

To counter this the French have now introduced licences for the import into France of lamb from Holland, France, Germany and Ireland by 30 per cent. The Irish are furious, after having received favourable treatment from France with free entry for their lamb in the past, that they are treated in the same way as anyone else.

So the matter is far from being settled yet. French farmers are not satisfied with the intervention price proposed and have told their Government so in no uncertain terms. The latest French measures are designed to keep the price of lamb high. British farmers who were hoping to get a 17 per cent boost in prices by July 15 under the new scheme are impatiently demanding their money and will not get it until everyone is satisfied. It could be a very long time. France has not lost the lamb war yet.

Sissinghurst—the best in the world

GARDENS TODAY

BY ROBIN LANE FOX

I AM in the happy position of being quite sure which is the best garden in the world. Naturally, I have not seen them all, but you have to expect strong prejudice from a man who is already sure that heathers are hideous in a garden. My choice is not unusual. The best of its class never is. In the next week or so, you can test my judgment by visiting Sissinghurst Castle Gardens, near Cranbrook, Kent, now in the keeping of the National Trust. Make allowances for the heavy rain, but you will never see such a garden anywhere else.

The Sissinghurst barrel continues to roll. Ten years ago the garden drew some 8,000 visitors. This year there will be well over 100,000, paying an entrance fee which has outpaced inflation. Some, I dare say, have been intrigued by the portrait of its literary makers' marriage, the minuets and trios lived out by Harold Nicolson and Vita Sackville-West. Others bitten by all things Bloomsbury may relish this oasis on the margin, lit up by the letters of Vita to her beloved Virginia Woolf.

Every year there are more Americans who wish to chalk up a footnote for their theses on Virginia Woolf or the Bloomsbury period. My own view is that the rise in Sissinghurst's visitors is largely horticultural, that the crowds go to see the plantings in their old English settings and that they leave with an interest in colour and old roses, not in the romances of Vita and Virginia, though readers of *Orlando* modelled round Vita, may return to it wondering whether the thorny problems of book and garden do not throw a certain light on one another.

I need only say here that the world-famous garden was made from a derelict confusion of brambles by the Nicolsons in the 1930s. The site had once housed a glorious Tudor castle built round successive courtyards until the Georgians, those arch-vandals, pulled it down. Round the tower and outbuildings, the Nicolsons made their pattern of interlocking gardens and vistas. Harold drew the firm line and saw to the perspective. I would rate him with Repton and above Brown and Lutyens in the ranks of English garden designers.

Eighteenth-century gardeners took it for granted that moral and aesthetic attitudes belonged together. The plan of the Sissinghurst garden reflects the outlook of a man who appreciated taste as a mark of character in men and letters. Sissinghurst's garden plan is never out of season. It brings together so many different observations, the shape of the old Kentish threshing-floors, the elegance of a pleached French alley, the emphasis on Italian sculpture, odd fragments of journeys to Persia and Morocco and above all, the strong lines of classic English yew, aligned with steps and well-groomed water or left to run across a plan which might otherwise fall into too many small rooms. They were matched at Sissinghurst to the natural genius of the place and held together by one man's point of view.

They were also, of course, lit up by Vita's sense of colour and romantic fancy. Its sources are worth pondering, for it is this which qualifies her for the biographies which her life is beginning to attract. I hope that her gardening will be properly appreciated and described by them. She combined a passion for Tudor style, perhaps to the point where she could see no others clearly, and a recurrent strain of Orientalism, fed by her own journeys through Asia. She also knew her Edwardian borders, the colour-principles of Miss Jekyll and her style, the whites, silvers and informal groupings of the Surrey school of the early 1900s.

But, rarest of all, she combined a botanical knowledge which she played down with a love of the old and proven cottage flowers. Reading and writing poetry strengthened her, surely, in this plain taste. It is one reason why Sissinghurst is so much finer than its rarefied contemporary, Hidcote Manor in Gloucestershire, where you would never see a Sweet William being loved. Vita's writings on plants are born from pure genius. It would be possible to put most of her poetry in its place and not be so polite about most of the prose which she wrote about travel and history. But her newspaper articles on gardening were reprinted for hundreds of thousands of readers in books whose titles range round the words In Your Garden. They are still far the best books which I know on the subject.

When I made the early discovery that I liked gardening, I would bicycle miles to the one public library which stocked them and would return after school lights-out to a world of clematis on wire netting, white gardens and barn owls, roses called Nuits de Young, the unknown Indigofera and the ability to see the tracery of great cathedrals in an avenue of winter elms. Her ascetic hatred of gadgets and her exotic love of garden scent were truly monastic.

The big books of the old Country Life series, the titles of Weaver, Jekyll and Elgood are the backdrop to gratitude for Sissinghurst. Some of the elements were already there: the stress on colour planning, the masses of climbing roses, use of enclosed gardens within a larger whole. But there is a blunt rusticity about the pergolas a Georgian dullness to the tapering lily-ponds, a strident note to the Dorothy Perkins roses up poles and ropes. By taste and literary sensitivity, Vita rose about it all. That same exuberance over quite simple plain men's detail lights up Virginia Woolf's own Essays, proof by her closest friend that it is possible to be eclectic without losing a coherent point of view, but there is life and art in the smallest corners of a day. Sissinghurst, in this light is Virginia's Essays realised in plants.

I will end by countering two frequent criticisms. These plantings, sceptics say, were all very well for the Nicolsons and their three gardeners when £10 a week bought a man's time. On the contrary, Sissinghurst is the single most fertile source for owners of small gardens who want them to be beautiful and do not have to worry about small children. The styles of each small compartment could make up a whole garden. The small garden of reds and yellows, oranges and flame-coloured flowers only is a brilliant example. It was conceived against a background of old silver and red brick but covers less than a quarter of an acre. Any cottage-garden could develop the idea and learn from its ground plan. I know none which does.

Secondly, know-alls like to say that the garden is not what it was in the 1950s and that it has gone downhill. But the opposite seems to me to be true. Since Vita's death in 1962, the garden has picked up after a slow start. It owes an enormous debt to two female gardeners who understand her principles and have pursued them with discretion that eludes most other National Trust gardens. Ground cover has been kept out. Vita herself saw value in rare and ignored plants, but she never had the Trust's range of gardens on which to draw. The 1970s have added new plants in keeping with the old colour schemes until the place is now a plantsman's paradise.

Last Sunday, two women visitors were making notes on a bell-shaped pink clematis which was spreading through an established shrub. "You can see how she likes to train one thing over another," they remarked. Vita Sackville-West died nearly 20 years ago. But they were right. She liked to train things, and the garden is still hers, true to her vision of a garden.

Age Quod Agis has much appeal

RACING

BY DOMINIC WIGAN

DANIEL WILDENSTEIN, who missed yesterday's opening day of the July meeting, will be on hand today when three highly-rated juveniles and an unraced three-year-old represent him at Newmarket.

All four are trained by Henry Cecil, for whom a victory by the American-bred Age Quod Agis, in the July Stakes, would be the most satisfying feature of the afternoon.

A bitter disappointment when a heavily-supported favourite on his racecourse début, Age Quod Agis has since left that form well behind with two victories in quick succession. The Warren Place colt was particularly impressive in disposing of Show-a-Leg in Yarmouth's Hopton Stakes over today's six-furlong trip recently.

Although Age Quod Agis has yet to tackle ground as yielding as that he will encounter here, his action and breeding suggest he will not be inconvenienced by underfoot conditions. I take him to get the better of the favourite, Recitation, an impressive winner of Royal Ascot's Coventry Stakes.

Found Gold, who was taken out of yesterday's Plantation Maiden Stakes in favour of the Bernard van Cutsem Stakes so that Mr. Wildenstein could see him in action, should not be hard-pressed to go one better than on his introduction.

Here, Found Gold, a colt of arguably more potential than stable-mate Age Quod Agis, seems likely to be chased home by Easterly Wind.

On the corresponding afternoon a year ago, Rose Above completed a double for Willie Carson with a head victory over Topay in the Child Stakes. It could well be that Dancing Shadow can do the trick for him in that same mile-event today.

The Dancer's Image bay, the most highly-regarded of West Ilsley's first-season fillies last year, in spite of the presence of Shoot a Line, Bireme and The Dancer, will go well if back to her best but without perhaps proving good enough to cope with Our Home.

Lester Piggott, who had a lean time at this meeting in 1979, after some notable successes in the previous few seasons should be on the mark with the Aga Khan's Sashka in the closing event, the Kennett Maiden Stakes.

NEWMARKET

2.00—Dancin'
2.30—Found Gold***
3.05—Our Home
3.35—Age Quod Agis**
4.10—Lorentino
4.45—Sashka*

TV/Radio

*Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 1.30 pm How Do You Do. 1.45 News. 4.13 Regional News for England (except London). 4.15 Play School (as BBC-2 11.00 am). 4.40 The Record Breakers. 5.05 John Craven's Newsround. 5.10 Rentaghost.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.50 The Wonderful World Of Disney.
7.40 It Ain't Half Hot Mum.
8.10 The Big Time.
9.00 News.
9.25 The Good Old Days.
10.15 The White Tribe of Africa.
11.05 Kojak
11.55 Weather/Regional News.

All Regions as BBC-1 except as follows:—

Cymru/Wales — 5.55-6.20 pm Wales Today. 6.50 Heddiw. 7.15-7.40 Ask The Family. 11.55 News. Weather for Wales.

Scotland—9.55 am Noah and Nelly in Skylark. 10.00 Jackanory. 10.15 The All New Popeye Show. 10.35-10.55 Take Hart. 1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.55 News, Weather for Scotland.

Northern Ireland—4.13-4.15 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.55 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-west (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
11.00 Play School.
4.50 pm Open University.
6.55 Dallas.
7.40 Mid-Evening News; including sub-titles.
7.55 One Hundred Great Paintings.
8.05 Movie Showcase: "Galileo," starring Topol and Edward Fox.
10.25 Macleod's America: New Orleans.
10.45 Newsnight.
11.30 Open Door.

LONDON

9.30 am Pilot Along With Nancy. 10.00 The Best of Families. 10.50 The Nature of Things. 11.40 Tree-Trunk Apartments. 11.55 The Undersea Adventures Of Captain Nemo. 12.00 The Adventures Of Rupert Bear. 12.10 pm Rainbow. 12.30 About Britain. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Live From Two. 2.25 Racing from Newmarket. 3.45 Cabbages and Kings. 4.15 The Whisper of Glocken. 4.25 How. 4.45 Maggie's Moor. 5.15 Survival.

5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 Don't Just Sit There.
7.30 Coronation Street.
8.00 Sounding Brass.
9.00 Women of Courage.
10.00 News.
10.30 "Baby Love," starring Ann Lynn, Keith Barron and Linda Hayden.
12.15 am Close: Personal choice with Leo Aylen.

All IBA Regions as London except at the following times:—

ANGLIA

10.50 am A Diary of Civilisations. 11.40 Cartoon Time. 12.30 pm An Exceptional Child. 1.20 Anglia News. 5.15 Barney Miller. 6.00 About Anglia. 10.30 Wednesday TV Movie: "The Sunshine Patriot" starring Cliff Robertson. 12.10 am The Big Question.

ATV

10.50 am The Stationary Ark. 11.10 The Mackenzie Affair. 12.30 pm Against the Wind. 1.20 ATV Newsdesk. 5.15 Doctor Down Under. 6.00 ATV Today including Police Five. 10.30 ATV Newsdesk. 10.35 The Mid-week Film: "A Touch of Class," starring Glenda Jackson and George Segal.

BORDER

10.50 am Jazz Series. 11.15 Technoflash. 11.35 The Count of Monte Cristo. 12.30 An Exceptional Child. 1.20 Border News. 5.15 Survival. 6.00 Lookaround Wednesday. 10.30 Mid-Week Movie: "The Man Hunter." 12.15 am Border News Summary.

CHANNEL

12.30 pm An Exceptional Child. 1.20 Channel Lunchtime News. What's On Where and Weather. 5.15 Happy Days. 6.00 Report at Six. 10.28 Channel Late News. 10.35 Feature Film: "Why Rock the Boat?" 12.35 am News and Weather in French followed by Epilogue.

GRAMPIAN

9.25 am First Thing. 10.50 The Jazz Series. 11.15 Thunderbirds. 12.30 am An Exceptional Child. 1.20 North News. 6.15 Mork and Mindy. 6.00 North Tonight and area weather forecast. 10.30 Reflections. 10.35 WKRP In Cincinnati (part 2). †11.00 Wednesday Movie: "Straight On Till Morning" starring Rita Tushingham and Tom Bell. 12.40 am North Headlines.

GRANADA

10.45 am The Nature of Things. 11.40 The Beatles. 12.30 pm An Exceptional Child. 1.20 Granada Reports. 5.15 A Sharp Intake of Breath. 6.00 Granada Reports. 6.30 This Is Your Right. 10.30 Best of British: "10 Rillington Place" starring Richard Attenborough and Judy Geeson.

HTV

10.50 am Sesame Street. 11.50 Popeye. 12.30 pm Against the Wind. 1.20 Report West Headlines. 3.45 Looks Familiar. 5.15 Dick Tracy. 5.20 Crossroads. 6.00 Report West. 6.30 Doctor Down Under. 10.30 "See How They Run" starring John Forsythe and Senta Berger.

HTV Cymru/Wales—As HTV West/HTV General Service except: 11.55-12.10 pm Fflalabalam. 1.20 Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.45-5.15 Ni A Nhw. 5.00 Y Dydd. 6.15-6.30 Report Wales. 10.30 Only In America. 11.30-12.25 am Celebrity Concert (Roger Whittaker).

SCOTTISH

10.50 am Call It Macaroni. 11.10 Westside Medical. 12.30 pm An Exceptional Child. 1.20 News and Road and Weather. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today News and High Summer Extra. 6.30 Emmerdale Farm. 10.30 Superstar Profile—Jack Lemmon. 11.00 The Odd Couple. 11.30 Late Call. 11.35 Music at Harewood.

SOUTHERN

10.50 am Tandarra. 11.45 Larry The Lamb. 12.30 pm An Exceptional Child. 1.20 Southern News. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day By Day. 6.35 Scene Mid-week (South-East Area only). 10.35 Sidestreet. 11.35 A Day Out At Elstree.

TYNE TEES

9.20 am The Good Word followed by North-East News. 10.50 The Nature Of Things. 11.50 Cartoon Time. 12.30 pm An Exceptional Child. 1.20 North-East News and Where The Jobs Are. 5.15 The Great Yorkshire Show. 6.00 North-East News. 6.02 Crossroads. 6.25 Northern Life. 10.30 North-East News. 10.32 "The Prime of Miss Jean Brodie," starring Geraldine McEwan. 11.30 Power Without Glory. 12.30 am A Faith Which Triumphs.

ULSTER

10.50 am The Jazz Series 11.15 Untamed World. 11.45 Cartoon Time. 1.20 pm Lunchtime. 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.15 Want A Job? 6.30 The Flintstones. 10.29 Ulster Weather. 10.30 Family. 11.30 Gardening Today. 12.00 Bedtime.

WESTWARD

10.50 am The Jazz Series. 11.15 Targor The Impossible. 11.40 Larry The Lamb In Toytown. 12.30 pm An Exceptional Child. 1.20 Westward News Headlines. 5.12 Gus Honeybun's Birthdays. 5.15 Happy Days. 6.00 Westward Diary. 10.32 Westward Late News. 10.36 Feature Film: "Why Rock The Boat?" 12.35 am Faith for Life. 12.40 West Country Weather and Shipping Forecast.

YORKSHIRE

10.50 am The Count of Monte Cristo. 11.10 The Nature of Things. 12.30 pm Out of Town. 1.20 Calendar News. 5.15 The Great Yorkshire Show. 6.00 Calendar (Emley Moor and Belmont editions). †10.30 "The Innocents," starring Deborah Kerr. 12.15 am Preview.

(S) Stereophonic broadcast
‡ Medium Wave

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Peter Powell. 7.00 Radio 1 Mailbag. 8.00 Simon Cole. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 John Timpson (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S) including Racing from Newmarket. 4.03 Much More Music (S). 6.03 John Dunn (S). 8.02 Listen to the Band (S). 8.45 Alan Dell with Dance Band Days. 9.15 Only A Rose (Anne Ziegler and Webster Booth recall the past). 9.55 Sports Desk. 10.02 The Impressionists. 10.30 Hubert Gregg says Thanks for the Memory. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composer: Smetana (S). 10.00 Music for Organ (S). 10.30 Russian Wind Music (S). 11.15 Robert Tear song recital (S). 12.00 Scottish Chamber Orchestra concert, part 1 (S). 1.00 pm News. 1.05 Concert, part 2 (S). 1.50 Music Weekly (S). 2.40 Vaughan Williams and Schubert (S). 3.10 Fifty Years of British Music (S). 3.55 Chamber music by J. C. F. Bach (S). 4.55 News. 5.00 Mainly for Pleasure (S) (only from 6.20). 7.00 "Un Ballo in Maschera" opera by Verdi, Act 1 (S). 7.55 Six Continents. 8.15 "Un Ballo in Maschera," Acts 2 and 3 (S), including 8.50-9.00 Interval Reading. 10.00 Desert Days: story by Anthony Bloomfield. 10.30 Janis Vakarelis piano recital (S). 11.00 News. 11.05-11.15 Poulenc (S).

VHF Only—Open University: 6.20-7.00 am and 6.20-7.00 pm, and for Scottish students only: 12.00-12.40 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Mid-Week with Russell Harty. 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service (S). 10.45 Story Time. 11.00 News. 11.05 Baker's Dozen (S). 12.00 News. 12.02 pm You and Yours. 12.27 You've Got To Be Joking. 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre. 4.00 Choral Evensong (S). 4.45 Short Story. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 The Year in Question. 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 The Weapons of Obedience: The Rule of St. Benedict (S). 8.45 Analysis: Parting of the Ways 7—The Western Alliance. 9.30 Kaleidoscope. 9.58 Weather. 10.00 The World Tonight. 10.30 The Jason Explosion of the Printed Word (S). 11.00 A Book At Bedtime: "The Sign of Four." 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

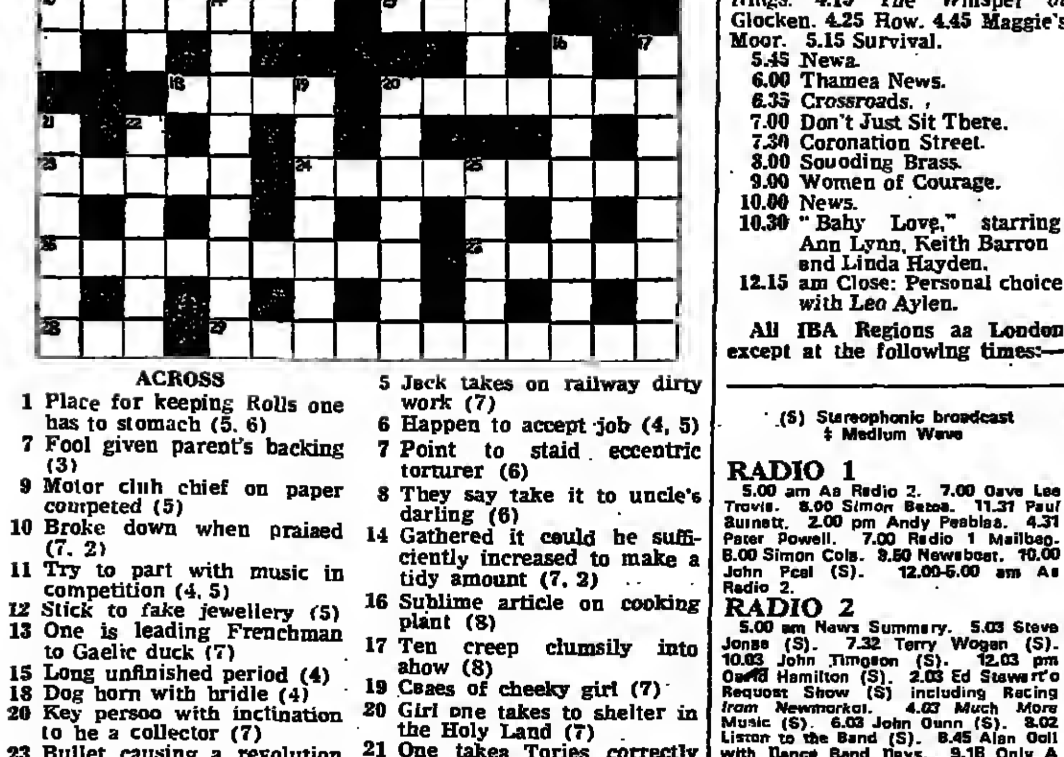
London Broadcasting

5.00 am AM—Bob Holness and Alan King. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm Jazz After Eight—Keith Howell. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Mike Allen (S). 1.00 pm London Today First Report (S). 1.10 Mike Allen (continued). 3.00 Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne (S). 10.50 "The Hound of the Baskervilles," Sir Arthur Conan Doyle (S). 11.00 Tony Myatt's Late Show (S). 2.00 am John Sachs's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,317



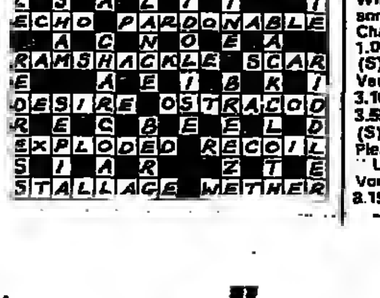
ACROSS

1 Place for keeping Rolls one has to stomach (5, 6)
7 Fool given parent's backing (3)
9 Motor club chief on paper competed (5)
10 Broke down when praised (7, 2)
11 Try to part with music in competition (4, 5)
12 Stick to fake jewellery (5)
13 One is leading Frenchman to Gaelic duck (7)
15 Long unfinished period (4)
18 Dog born with bridle (4)
20 Key person with inclination to be a collector (7)
23 Bullet causing a revolution (5)
24 First Olympic medal goes to top bird (9)
26 Train official to scoff at protective barrier (5, 4)
27 A position Pole finds strange (5)
28 Place for driving in ornate Elizabethan carriage (3)
29 Easy thing to have for tea (5, 2, 4)

DOWN

1 Enters suddenly to explode wickedness (6, 2)
2 Do you mind this kind of dance? (6, 2)
3 Took action to get socially acceptable piano fastened (3, 2)
4 Become attached to current holiday island (7)
5 Jack takes on railway dirty work (7)
6 Happen to accept job (4, 5)
7 Point to staid eccentric torturer (6)
8 They say take it to uncle's darling (6)
14 Gathered it could be sufficiently increased to make a tidy amount (7, 2)
16 Sublime article on cooking plant (8)
17 Ten creep clumsily into show (8)
19 Cases of cheeky girl (7)
20 Girl one takes to shelter in the Holy Land (7)
21 One takes Tories correctly (6)
22 Copper seldom found poison (6)
25 Teasing product of threshing machine (5)

Solution to Puzzle No. 4,316



ENTERTAINMENT GUIDE

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SAVOY THEATRE.

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SHAW.

ST. GEORGE'S THEATRE.

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Television

Mystery and mystification

by CHRIS DUNKLEY

It is surely time that all of us—particularly critics, who are too often lily-livered, but the public too if we are to have any effect—started to use protest and if necessary ridicule against those who employ obscurity, ambiguity, and unnecessary complexity in their attempts to impress us with their profundity. The thought is prompted by Saturday's broadcast of *Waiting for Godot* on BBC2 and Sunday's screening of *Jane Austen in Manhattan* on the "South Bank Show."

It is *hard* to imagine two dramas contrasting more greatly in style: the first performed on a stage (in studio on this occasion of course) and the second being filmed mainly on location in New York City; the first spare to the point of meanness in its setting, the second vividly photographed by the great cityscape cameraman Ernest Vincze who, here, presented New York as a grubby ramshackle if still vast and impressive metropolis.

Godot uses a combination of techniques which have been given various odd names—"expressionism" and "theatre of the absurd," for instance—to convey a ragbag of vague thoughts about existence, religion, reality and so on, always in a non-realistic, one might fairly say unrealistic, manner. The play is particularly notable for its lack of plot. *Jane Austen in Manhattan* on the other hand, seems to have half a dozen plots, though eventually it becomes evident that we are being offered the same story (kidnap and ransom) over and over again in different hats. Whatever the headgear, though, realism is always in the background and usually in the foreground too. Thus the two works are in many fundamentals dissimilar.

The similarity lies, first, in the way that they were served up to us, with a seriousness verging on reverence; and, second, in the discrepancy between that veneration and the actual achievement of the two pieces.

We were given only the last quarter of Beckett's "play," it being one of three extracts making up a programme called *Drama from the Open University*. The performances from Max Wall and Leo McKern as the tramps were, considering the limitations of the material, quite remarkable. In fact, they were superb as technical exercises, but no more satisfying for the audience than would be a Rubinstein concert devoted solely to scales.

Yet when it was over, Sir Huw Wheldon, a man whose gifts and instincts as a story teller would seem to stand in precise opposition to everything that Beckett represents, murmured in lyrical tones about the symbolic power of the lone tree in *Godot*. The irony is that Wheldon, with all the natural explicitness of the born communicator, managed to convey as much in 15 seconds as Beckett achieved in 30 minutes.

These are those who will accuse me of being too literal minded and who will defend Beckett in the same terms as they will defend the sillier posturings of abstract painters and sculptors, saying that their work acts as a useful trigger releasing the thoughts and imagination of every onlooker. But that is virtually no achievement at all; the same success could convincingly be claimed for a random collection of garbage. The genius of the true artist is, surely, synthesis and communication and — as Tom Lehrer so memorably declared — if you have difficulty communicating, the laast you can do is shut up about it.

That is not to deny the great value and fascination of mystery, even unexplained mystery, which has, of course, been appreciated by every good playwright from Shakespeare to David Rudkin. It *is* to deny the value of deliberate mystification, and it is very hard to banish the suspicion that mystification was being used in *Jone Austen in Manhattan* to create a sense of complexity and profundity in a work that had *nothing* complicated or profound to say.

This time the introducer was Melvyn Bragg (a former Wheldon protégé, incidentally) and though he made no inflated claims for the work, he did not, either, subject it to the sort of critical probing which we have come to expect from him on the "South Bank Show." This was understandable enough, if inconsistent, since on this occasion his role was that of the impresario who bought the rights to the lately discovered Jane Austen playlet and commissioned James Ivory and Ruth Prawer Jhabvala to film it.

Anne Baxter and Robert Powell in "Jane Austen in Manhattan"

They took what seems to have been a very slight story of abduction and twisted together three — arguably four — versions of it: one in a supposedly modern off-off-Broadway style, and one in the style of a Mozart opera, each being the work of competing New York theatrical groups which, within the Ivory/Jhabvala film, vie for the Jane Austen script and for the patronage of tha moneyed arts community. Predictably the Ivory/Jhabvala film is itself a modern day version of the kidnap story with the young actress "abducted" by the reputedly Svengali-like leader of the modern group and held in his thrall.

The film did have strengths, notably its wry almost cynical picture of the dilettantes of the New York arts Establishment, its digs at the traditional musical in which the straight man stars (called "Here we are again," and featuring such wickedly accurate lines as "Summer, autumn, winter, spring/All I want to do is sing") and at fringe theatre idiocies ("Pierre wants me to play this clergyman as a 10-year-old boy.").

But it was the niggling queries raised and left to mystify which were so annoying—and I do not mean the question of why Robert Powell with little except good looks to commend him was chosen to play the supposedly hypnotically powerful Pierre. I mean such questions as:

Why immediately after Bragg had explained that the Austen manuscript was sold in London for £18,000 the film showed it being sold in New York for $55,000?

Whether the slight failure of lip-synchronisation in the opera was a mistake or, as I suspect, deliberate and if deliberate—why?

And most important of all since the *film implied* that it had something significant to say about the nature of theatre, why the fringe production was staged in an all-white box complete with trapdoors thus obviously parodying Peter Brook's *Midsummer Night's Dream*? Even if you disagree with those of us who believe that that *Dream* was the greatest theatrical event of the last 30 years, you cannot alter the fact that it was staged in 1970 and the style would hardly find favour with an extremist fringe group in 1980. So once again—why?

I believe it is the job of the film (the play, the programme) to answer any questions such as these that it may raise or to say why it cannot. In public there is rarely justification for the sort of shorthand codes used between friends, and where mass communications is concerned absolutely no virtue in obscurity.

Pirandello wrote a play which was also concerned with the nature of theatre and which, at times, also involves mystification: *Six Characters in Search of an Author*, part of which was shown in the Open University medlay. The difference is that Pirandello mystifies his audience as part of a biggar plan and does answer his own questions later—or most of them, anyway, even though BBC 2 could not find time to show us that.

This was a pity since the cast, like that of *Waiting For Godot* and *The Grand Inqusitor* which featured John Gielgud, was glitteringly starry. Unfortunately the direction in each case was less distinguished. Though the OU's desire to display the variety of its wealth was understandable I would have much preferred simply to see the whole of *Six Characters*, thus getting the full benefit from the work of a master, and simultaneously being spared the pretentious opacity of *Godot*.

"View of Santa Lucia" by Pietro Fabris

Naples

The Bourbon Show

by WILLIAM WEAVER

Two hundred years ago Naples was one of the great capitals of Europe, and was on its way to becoming one of the most beautiful. When Charles III, the first Bourbon king of Naples, arrived in 1734 to take possession of his new throne, he brought with him a taste for elegance and a determination to make his new home a centre of the arts and crafts. He and his successor Ferdinand IV (later, confusingly, Ferdinand I of the Two Sicilies) summoned painters and sculptors, established the porcelain works at Capodimonte, a tapestry manufactory; they encouraged cabinet-makers and silversmiths, *as well as singers* and composers. They restored the royal palace, began construction of other palaces at Capodimonte, Caserta, Portici, and elsewhere; and they sponsored the construction of public buildings like the massive Albergo dei Poveri and the church and square of San Ferdinando, which still today gives Naples its visual distinction.

Like so many royal families, the Bourbons declined, and the last king of Naples, poor Francis II, known as Franceschiello, after ruling just over a year, cut a sorry figure at the time of Garibaldi's advance and triumph. In the aftermath of that victory, and in tha years of the Savoy dynasty, Italian historians treated tha Bourbons badly, emphasising thair mistakes and misdeeds and overlooking their very solid achievments. Only Sir Harold Acton's two splendid volumes (*The Bourbons of Naples* and *The Last Bourbons of Naples*), in the 1950s, somewhat redressed the balance. And now — thanks to some current first-rate art exhibitions — the 18th century Naples of the Bourbons will perhaps be seen in more just perspective.

Officially the exhibitions are called *Civiltà del '700 a Napoli (1734-1799)*, or "18th Century Civilisation in Naples"; but everyone here calls it, more simply and equally correctly, "the Bourbon show." The main exhibition is, appropriately, in the palace of Capodimonte, and it is a revelation. On arriving in the city, Charles III found some distinguished artists — notably the venerable Francesco Solimena, here splendidly represented — and he quickly brought more. He and Ferdinand naturally commissioned countless portraits, and also frescoes, panels, decorative works. They also liked to have pictures of their various estates, and a whole landscape school developad (and continued well into the 19th century).

All these aspects of the Bourbons' taste are amply, but not exhaustingly, illustrated on the piano nobile of Capodimonte, and for the non-specialist visitor a tour of the show is also a voyage of discovery, revealing major artists like Francesco De Mura, Giuseppe Bonito, Gaspare Traversi, previously known only to Neapolitan amateurs or to professional art historians. The show also documents the Bourbon concern with antiquity, the excavation of Herculaneum, and the vast influence of their discoveries on taste and design all over Europe (Sir William Hamilton's major role is duly underlined, of course).

One of the most axciting rooms in the show is devoted to silver statuary, near-life-size *figures of saints* collected from the Duomo (the Tesoro of San Cennaro), but also from less accessible places like Aversa and Caiazzo. The room is dimly lighted, and the assembly of figures seems to glow in tha penumbra.

The *presepe*, or Christmas crib, is not an exclusively Neapolitan institution, but in Naples it was for many decades a ruling passion with many people. Acton describes the royal family at work on theirs: "Charles himself designed and modelled the settings [. . .], dabbling in clay and cutting up cork for the manger, while the Queen and Princesses sewed and embroidered costumes for the figures, each according to scale. "The Bourbons' private *crèche* has been lost, but a beautiful facsimile has been created at Capodimonte with 18th century figures, all made by leading sculptors of the time.

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Teatro della Pergola, Florence

Caccini's Euridice

by WILLIAM WEAVER

The Medici fever continues to rage. Astronomical numbers of visitors are still fighting their way through the various shows in Florence, while in other smaller Tuscan cities — Siena, Arezzo, Lucca, among them — more shows open, to complement the big "Florence and the Tuscany of the Medicis in the 16th Century," sponsored by the Council of Europa in the capital (and already twice reviewed on this page). As a musical counterpart, the Maggio musicale haa included in the programme of this year's festival the *Euridice* of Giulio Caccini, *singer and* composer to the Medici court, and a member of the revolutionary group of artists and theorists, the Camerata dei Bardi.

In 1600, for the celebrations surrounding the marriage of Maria de Medici to Henry IV of France, another member of the Camerata, the poet Ottavio Rinuccini wrote the poem of *Euridice*. Caccini and another Medici composer Jacopo Peri set it almost at the same time, but Peri's version — with some of Caccini's music included — was performed first. The Caccini *Euridice*, however, was published before the rival score and can thus claim to be the first published opera. Both versions were apparently performed with success in their day, but the Peri has remained the more famous, has been revived various times in this century, and has also been recorded.

Caccini's opera, however, as the production which opened here at the Teatro della Pergola recently demonstrated, is a work of considerable effect: tense and moving, a sensitive vehicle for the lovely text. This Florentine revival seems to be the first since the 17th century; it certainly should not be the last. And, for that matter, though not without some flaws, the Maggio's mounting could profitably be borrowed by other theatres and festivals.

Its most immediate merit lies in the sets and costumes by Pasquale Grossi. The women's dresses and the men's knee-breeches and cloaks had a Medicean cast, but were not mere copies; the colours were subtle, and the use of white for the Infernal Inhabitants was stunning. The central section of the set was a grotto-like *sala terrena*, hinting at the Pitti, with other rooms opening off it and a kind of veranda at the rear. When the scene changed to the lower world, the grotto waa festooned with icicles, a Dantesque frost. Perhaps as a reference to the 17th century fascination with stage machinery, the set did tricks: backgrounds changed, stairs disappeared. At times this was distracting, especially when the soloists were singing (the shifting elements were not silent).

A musicological congress, devoted to this period, is now taking place in Florence, and the Pergola was full of experts, who no doubt will long discuss the production. To the non-specialist music-lover and opera-goer, it was a fascinating, enjoyable, and largely auccessful evening. One does not have to be an expert to realise that some of the singers were stylistically suspect (the mezzosoprano Carmen Gonzalez, in the male role of Arcetro, abused chest tones; and even the elegant Lajos Kozma, the Orfeo, occasionally indulged in some *verismo* near-sobs). But the voices were, in the main, beautiful. Norma Lerer was outstanding, first as Tragedy in the Prologue, then as Dafne, the nymph who brings the terrible tidings of Euridice's death.

Raffaello Monterosso prepared the performing edition and conducted the Gruppo di Strumenti Rinascimentali (with the problems of intonation that are so often encountered with ancient instruments). The performance flowed, naturally, pleasingly. The Gruppo di Danza Rinascimentale, choreographed by Barbara Sparti, supplied two engaging and authentic-looking dance interludes. Good marks, too, to the Maggio's Press office for producing a handsome and informative programme booklet, which will remain a useful reference.

St. Bartholomew

Winchester Cathedral Choir

The main musical business of the Festival of the City of London began on Monday with two concerts. In the Old Library, Guildhall, the London Virtuosi Chamber Ensemble under John Georgiadis played Handel, Bach, Mozart and Boccherini. I chose the rival attraction, less festive but more the kind of unusual experience a festival should give: Winchester Cathedral Choir and the Parley of Instruments performing Purcell, Bach, William Croft and Britten in St. Bartholomew—always supremely worth visiting even on a dark, wet evening of the kind this Festival so often attracts.

Wlnchester's choir has earned a high reputation, and has confirmed that reputation in North America, at a time when cathedral music and with it the most precious part of our repertory, is in danger. The conductor on Monday was Martio Neary, returned briefly to his old choir from a sojourn in USA. Presumably this concert was prepared by the sub-organist James Launcelot, also in attendance.

It is a rare pleasure to hear a choir of this quality in a church not too large, (as cathedrals usually are) for the available volume of sound: the Norman nave and apse provided resonance without echo or that ethereal, romantic intangibility admirable for responses but frustrating in polyphonic music. Purcell's "My Beloved spake," "Hear my prayer" and "Jehovah, quam multi sunt hostes" were subtle and tender and strong, the false relations surprising as ever and yet inevitable.

Two Bach motets, "Der Geist hilft" and "Singet dem Herrn," were remarkable for lightness and clarity, the boys' runs beautifully supple, with a flexibility even these expert lay clerks could not rival in the tenor and bass lines. There was some flagging in the central part of "Singet dem Herrn," the final work on the programme, perhaps the result of waiting through a Suite of Croft's music for *Courtship a la mode*, worth hearing but too long at that juncture.

Earlier the Parley of Instruments gave Dart's reconstruction of a Purcell Suite in G believed to belong to a play and, judging from this too demure reading, less rewarding than most of his incidental music. Britten's wedding anthem "Amo ergo sum" is a delightful piece from his vintage years of choral writing.

RONALD CRICHTON

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BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

Telegrams: Finantimo, London PS4. Telex: 8954871, 883897

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Why the Bank took a view

THE clearing bank figures, published yesterday, caused some mild disappointment in the markets. It had been assumed that when Minimum Lending Rate was cut last week, the authorities were acting on inside knowledge of a sudden fall in the demand for money. The published figures appear to lend only limited support to that idea: while they show some fall in private sector demand for loans from the clearing banks, they suggest that monetary growth has remained above the upper end of the target range. On closer inspection, even that limited comfort is hard to confirm: there are large unknowns and heavy distortions. The authorities acted not on secret information, but on a view of the future.

Mystery

The extent of the uncertainty about banking June is revealed in one telling fact: the Bank of England has, quite unusually, hedged its routine estimate of the implied growth of the money supply. Usually this is issued with no more comment than is implied by saying that monetary growth is thought to have been "about" some given percentage; but on this occasion, there is a warning that the rough estimate offered, of a rise of ½ per cent in Sterling *M3*, may have to be revised as more information becomes available.

This is hardly surprising, because the figures are a mystery wrapped in an enigma. Apart from the familiar distortions arising from extreme tightness in the money markets, which led to unusual transactions between the authorities and the banks—and which are known in detail in Threadneedle Street, though not in the outside world—there are two major unknowns.

The first is the behaviour of foreign investors. Since the fall in U.S. interest rates have left sterling exposed as the sole major currency offering a return above the world rate of inflation, there has been a heavy foreign demand for sterling assets of every kind. Some buying has gone into gilts, and the authorities cannot at this stage be certain how far their heavy funding in recent weeks has attracted investors outside the banking sector. Foreign banks have been among the buyers.

Offshore investors have also been large purchasers of UK commercial bills. This does not affect the money supply figures, since these holdings were no doubt financed through non-resident sterling deposits, but it does add to the difficulty of interpreting the figures for bank lending. When UK banks sell bills, there is an apparent fall in lending which is deceptive about underlying trends.

These distortions alone might have discouraged any move on interest rates, since they point to a danger that the figures will tend to overstate the success achieved in funding and understate the demand for credit; but there are others. The figures show another striking fact: the clearing banks have collectively jumped the gun ahead of the official end of the supplementary special deposit scheme—the "corset"—on the June make-up day.

Despite the fact that some of the transactions concerned will attract penalties into this month and August, the banks pushed some 8½ per cent beyond their official limit for interest-bearing liabilities, in their eagerness to compete for the new business now open to them, notably in the local authority market.

The effect of these domestic distortions is to exaggerate the apparent rate of monetary growth: they in fact anticipate the unwinding which has always been expected with the end of the corset, which was itself a major distortion of the market. The authorities have always made it clear that they were ready to take a long view of these predictable developments.

Foresight

Three general conclusions follow from this tangle tale. First, the Bank can be congratulated on commonsense and foresight in acting on its feel for the real economy, which is clearly in recession, rather than waiting to unravel the arcane technicalities of the figures. Secondly, official caution about the timing of any future cut in rates explains itself: the first move was something of an act of faith. Finally, though, the authorities should reflect on how far they have been the authors of their own mystification. The corset is gone: we still await funding techniques which will not so readily attract overseas speculation.

A Russian gain in Asia

THE Indian Government's decision to recognise the Vietnamese-backed Heng Samrin regime in Kampuchea was more predictable than the outraged reaction from South-East Asia would suggest. Mrs. Gandhi promised recognition in her party's manifesto before the January election and she has never formally backed down on this. What has happened since she made her commitment has been the Russian invasion of Afghanistan. Inevitably in such changed circumstances the recognition of a Government installed in Kampuchea through the force of Vietnamese arms is seen as implying tacit recognition for the Babrak Karmal regime in Afghanistan which was similarly installed through Soviet power.

Lobbying

The Russians, who have treaties of friendship with both India and Vietnam, have been urging the Indians to extend recognition. Members of the five-member Association of South-East Asian Nations (ASEAN) have been asking them to hold back. So also have Western governments and Islamic States which have been worried by the parallels with Afghanistan. ASEAN lobbying has been particularly intense of late because of its desire to see a widespread international condemnation of Vietnam's recent raid into Thailand. In this sense the timing of the Indian announcement—flying in the face of opinion in both South-East Asia and the West—marks a substantial diplomatic gain for the Russians.

Before the invasion of Afghanistan the logic of Mrs. Gandhi's case for recognition was that the former regime of Pol Pot was the more detestable and that giving diplomatic backing to the Heng Samrin regime would ensure a freer flow of aid into starving Kampuchea. It is an argument that has some support in Europe and the U.S. Beyond that, however, India and Vietnam both have a common goal in checking Chinese ambitions in Asia and both have seen a Treaty of Friendship with the Russians as one way of holding back the Chinese. In the politics of Asia they make natural allies and it was probably inevitable that at some point India would support Vietnam's position over Kampuchea.

What has in part annoyed the members of ASEAN—Thailand, Malaysia, Indonesia, the Philippines and Singapore—has been that India promised consultations with them before it went ahead. These do not seem to have taken place. The ASEAN members are likely to vent their anger by curbing trade and joint ventures which have been growing substantially of late as India has sought new markets in South-East Asia for its engineering goods. This was a risk that Mrs. Gandhi must have taken into account in making her decision.

But she no doubt also believes that ultimately Vietnam will strengthen its hold over Indochina and that in those circumstances India, as one of the larger regional powers, will have an influential role to play in negotiations over any political settlement in Kampuchea. For the moment, in so openly siding with the Vietnamese, India has weakened ASEAN's hope for a settlement based on a Vietnamese troop withdrawal.

Violated

Almost certainly Mrs. Gandhi will have wrung out of the Russians the best possible terms as her price for climbing off the fence. She recently purchased large quantities of Soviet arms on cheaper terms than the Russians normally extend to their friends in the third world, and other economic deals are in the pipeline. But ultimately her decision reflects a belief in New Delhi (as indeed in neighbouring Pakistan) that the Soviet Union has the edge over the U.S. in projecting power in Asia and that this is a fact of life with which the regional States must come to terms.

Nonetheless it also marks a further weakening of India's stature amongst the non-aligned. The Vietnamese in their invasion of Kampuchea violated the principle of non-intervention in the affairs of another state.

This is a principle at the cornerstone of the non-aligned movement and one which India would once have supported. Thus the hope must be that India's recognition of the Heng Samrin regime, like its initial defence of the Russian invasion of Afghanistan, is one of those blind spots of Mrs. Gandhi that she will later regret.

West Midlands bosses find they have the upper hand

BY ARTHUR SMITH, Midlands Correspondent

IF THE Government wanted evidence that its tough monetary policy was having an effect on Britain's workforce, it need look no further than the West Midlands. In the country's industrial heartland — with a disproportionately high 46 per cent of employment in manufacture — modest pay settlements are being agreed as the recession deepens and the number of layoffs mounts.

Major Peter Forrest, director of the West Midlands Engineering Employers Association, reports that pay settlements have already dropped from the 15 per cent average of last winter to around 10 and 11 per cent. "Attitudes are changing on the shopfloor because of the redundancies and obvious problems of industry. There is a new mood of realism."

Mr. Reg Parkes, chairman of Brockhouse and of the regional council of the Confederation of British Industry, says: "Companies are reporting less militancy and less hassle in negotiations, with agreements being struck at lower levels than last year." He maintains that fears held by many company executives as recently as six weeks ago that workers' frustration over pay and price rises could result in "a winter of discontent" had now receded. "Job security rather than the level of inflation is likely to be the main concern in the forthcoming pay round."

The dramatic change in mood of a workforce traditionally noted for its independence and militancy, is explained by Mr. Chris Walliker, director of manpower at Delta Metal and chairman-elect of the regional CBI: "The speed and severity of recession surprised everyone. Suddenly orders dried up, cash flow was hit and stocks run down."

Indeed plant closures and redundancies in recent weeks amount to a roll-call of the high and mighty, with Lucas Electrical announcing a cut of 3,000 jobs, GKN Forgings 2,100, GKN Sankey 930, Cadbury-Schweppes 700, and Renold 800. Cutbacks in the automotive industry, which accounts for one in six jobs in the region, are gathering pace with redundancies sought at Wilmot Breeden, Associated Engineering and Automotive Products.

"Complaints about the weakness of James Prior's Bill—to curb the power of the trade unions reflect the remote Westminster and Whitehall view of industrial relations. The reality is that employers already have the power over the trade unions—the power to pose workers with the choice between a realistic pay deal and short time working or redundancies." That hard headed view, expressed by the personnel director of a leading Midland engineering company, typifies the tough stance many employers are now adopting in pay negotiations.

Mr. Bert Benson, secretary of the West Birmingham district of the Amalgamated Union of Engineering Workers, maintains that half the 110 companies with which he deals are declaring redundancies or short-time working. "It is a terrifying picture—worse than when I came to Birmingham in the 1930's."

Statistics from the Manpower Services Commission show that 1,330 companies in the West Midlands had given notice of 60,600 possible redundancies in the first six months of this year compared with 20,441 in the comparable period of 1979. Nor is there any sign of improvement: the latest survey of business confidence conducted by the West Midlands Chambers of Commerce indicated the "worst situation" on record. More than one in three companies had reduced their workforce in the past three months and 41 per cent envisaged cuts in the near future.

Employers already have the power over the trade unions

Against such a troubled background the opening statement by Lucas Industries in negotiations with its 66,000 strong workforce is understandable. According to Mr. Ernie Hunt, secretary of the Birmingham South district of the AUEW, the company's "take it or leave it" 10 per cent offer made last week was inspired by the Government and represents "a backdoor form of incomes policy."

However, the experience of the past 12 months suggests that Lucas is following rather than setting a trend as Britain's troubled motor industry reacts to the twin pressures of high labour costs and the sharp downturn in demand.

Talbot UK, owned by Peugeot S.A., of France, set the pace last year suffering a three month strike to impose a 5½ per cent pay deal at its Midland factories. Union leaders demanding an increase of well over 20 per cent to take effect this month, have again met with a sharp response. Talbot insists the 20,000 strong workforce must be realistic about what the company can afford. An 8 per cent increase has been offered plus another 7 per cent from April 1 next year provided the unions agree to an 18-month deal.

Talbot must be encouraged that as yet there has been no sign of militancy from the workforce at a basic offer pitched at only around half the current rate of inflation. The company points out, however, that a self financing incentive scheme—the cause of much bitterness during last year's strike—can yield still higher earnings.

The refusal of Mr. George Turnbull, the Talbot chairman, to budge last year from his 5½ per cent offer even in the face of a shutdown of the Coventry plants, certainly had its effect on the workforce and paved the way for improved work practices. His call for management right down to foreman level to assert executive authority and give leadership to workers has also met with success. Talbot claims that productivity has already been raised by up to 30 per cent, but is insisting in negotiations that further progress must be made to lift performance to that of Continental competitors. Mr. Turnbull in a message that appears to have got through to the shop floor has made clear that high efficiency will be crucial to continued investment in the UK operation by the French parent.

Developments at BL Cars, where the militant shop stewards traditionally set the pace for pay claims, have also had an impact upon the Midland industrial relations climate. Mr. Geoffrey Armstrong, the employee relations director, claims "a significant change" in workers' attitudes

'I have never known Midlands workers so docile'

and that many of the controversial changes in working practices have already been implemented at the company's 34 plants. Even union officials express surprise at the ease with which BL appears to have gained shopfloor acceptance of a 5 per cent pay package which less than three months ago provoked strikes by more than 22,000 workers, halted output of all profitable models, and drew the threat from Sir Michael Edwardes that all strikers would be dismissed.

Mr. Armstrong dismisses shop stewards' claims that BL has "soft pedalled" on reforms such as the management demand to be able to switch workers quickly from one job to another. "Of course, the changes have not yet been fully implemented and the pattern will vary. The management at each plant has been asked to identify its own priorities on the causes of inefficiency and take action accordingly."

He points to the example of the company's biggest plant at Longbridge, Birmingham, where the start-up of production is no longer delayed by absenteeism. Management merely drafts in extra labour without protracted negotiations with both the shop stewards on the track to accept employees from another area of the works, and with the men required to work. Another practice, whereby absenteeism above a certain level meant that tracks had to be stopped for 10 minutes in every hour to give workers a break, has been ended by simply bringing in employees from other operations.

Mr. Armstrong insists that BL is adopting a realistic approach to match the performance of its competitors. "We are not embarked upon a hard-line crusade." One top executive said: "We are not Margaret Thatcher's stormtroopers."

Mr. Phil Povey, a Midlands AUEW official, takes a more cynical view of BL's progress: "The ability to force through previously unacceptable changes is directly related to the present climate of fear and uncertainty about jobs. It is easy to get agreement when employees can see a falling market and their only expectation is further closures and the possibility of redundancy pay."

Indeed, the contrast between the pressures on management now compared with just four years ago is dramatic. Then, a Labour Government, highly dependent upon union support and committed to worker participation, was pushing for expansion of British Leyland under the Ryder Plan. Now, the workforce stands divided and demoralised in the face of hostile public opinion, a Government that has stressed it will not shrink from denying further special aid, declining markets both at home and overseas, and more than 25,000 planned redundancies.

Mr. Povey maintains the lack of militancy extends well beyond BL: "I have never known Midland workers so docile. They have been punched and battered by the flood of redundancies and short-time working. There is a feeling of despair and resignation—that they must let this Government, much as they detest the policies, run its course."

Another factor highlighted by a senior AUEW official is the drain on union revenue caused by mounting unemployment. "Trade union either consciously or not are beginning to look to their finances before deciding whether to make disputes official. We have got to the stage where issues are not being considered purely on their merit. The economic situation is affecting the approach of union officials and Mrs. Thatcher is winning."

Mr. John Warburton, director of the Birmingham Chamber of Commerce, says the rapidly worsening state of trade has removed what little enthusiasm employers might have had for a renewal of incomes policy. "Any ceiling imposed now, short of a statutory freeze, would almost certainly be more than many companies can afford to pay."

The chamber has put off plans of only a few weeks ago to press the Government to set up a national forum to influence pay settlements. "In present circumstances anything that might

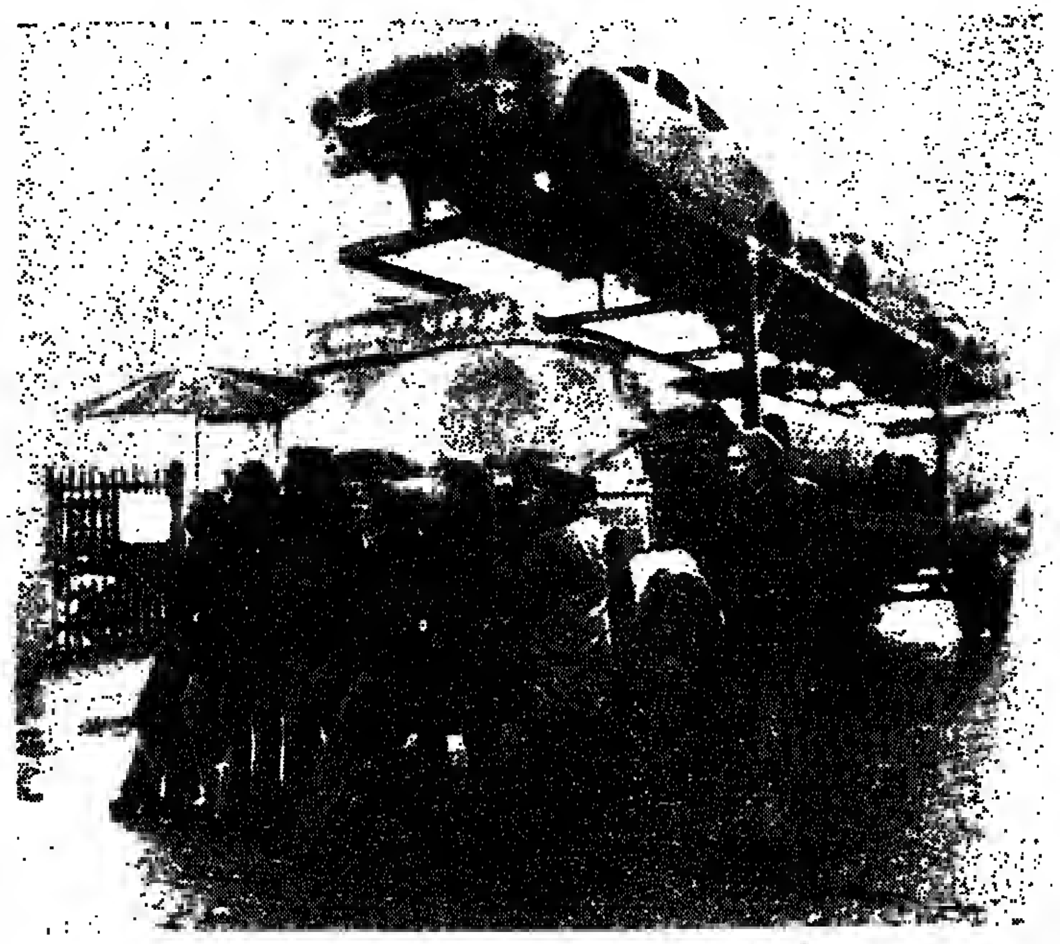
The economic situation is affecting unions and Mrs. Thatcher is winning

be acceptable to the unions would not be acceptable to companies," Mr. Warburton says.

Even granted the reality of the present shift in the balance of economic power from the trade unions to the employers, the West Midlands region of the CBI is still calling for tough legislative action. The Regional Council, meeting in Birmingham yesterday to decide policy for the CBI national conference, considered a resolution arguing that "the gradualist approach to the reform of industrial relations is misguided." The CBI nationally is urged "to recommend immediately a major curtailment of trade union immunities."

Mr. Parkes as regional chairman of the CBI concedes that West Midlands employers have tended to be more militant. "But that is because we are highly industrialised and tend to know the real problems at first hand." The Brockhouse chairman successfully moved the resolution at last year's CBI conference that legal backing should be given for industrial relations agreements. "Your average fellow on the shopfloor does not want the hassle. If he has the strength of the law behind him it might strengthen his resolve, his willingness to work in spite of what the union says."

But for Mr. Povey of the AUEW the economic reality, regardless of legislation, has already brought fundamental changes in working attitudes particularly in the motor industry. "The tragedy for the Midlands is that it may be too late. At the very time that we arrive at this position the world market for cars is dropping like a stone."



In militant mood: Leyland toolmakers stopping a lorry at Castle Bromwich in 1977

MEN AND MATTERS

Sad Sid loses venue vote

Trade unionists at their annual seaside jamborees, for all the blood and thunder of their conference speeches, are normally a fairly jolly lot. Sad to report then, that in Guernsey yesterday the annual conference of the National Union of Railwaymen lived up to the union movements' hard-hearted image by refusing to cheer up an old lady—and their most senior official.

The issue—by a long chalk beating pay, the Government and the times of trains from Bishops Stortford as the most talked-about topic in conference centre corridors—was the venue for next year's annual meeting.

Enjoying the possibly dubious benefit of concessionary travel, courtesy of their employer, the railmen like to capitalise on it by steering their annual gatherings as far as possible from the usual union stamping grounds of Brighton and Blackpool.

For next year, however, there was more riding on the vote than a simple choice of venue. The union's general secretary, Sid Weighell, a proud Yorkshireman, had been detailed by his mother, 83-year-old Rosalena, to make sure the lads took the conference to his home county so she could see her lad doing his stuff without travelling to the far-flung outposts so popular with the NUR.

Accordingly, at yesterday's vote, the delegates' choice included Bridlington — the nearest son Sid could get to his Northallerton home—Plymouth, Skegness, Chester and St. Andrews in Fife.

And with a perversity which commuters would claim is characteristic of the rail unions, the meeting voted clearly for a get-away-from-it-all session in windy St. Andrews. Bracing Bridlington, for all Sid's pleas, mustered only 12 votes.

Naval arbiter

Britannia may not rule the waves any more, but when it comes to waving the rule book on maritime law, there seems to be some international agreement that British is best. I am led to this conclusion by the telling in the Admiralty Court yesterday of a tale of three ships—a Russian, a Liberian and a Filipino—which collided at great cost in the Malacca Straits recently.

For a decision on who should pay for the $4m damage to the three vessels, the owners agreed to set sail for London, where Mr. Justice Sheen (he of the silver oar), surrounded by charts of Far Eastern seas, sat bravely doing his bit for Britain's trade in invisibles.

"A word of caution brothers, we don't want to end up with salaries big enough to be reviewed by Boyle"

Built-up Eldorado

Is gold a better investment prospect than soap powder and breakfast cereal? This is the curious — dare I say unique? — question currently puzzling the Board of Australian building and timber group, Robb and Brown, which admits with some embarrassment that it has built a shopping centre on top of a gold mine.

Older residents of Kingston, a suburb of Brisbane, remembered that the yellow metal had been dug in the past near the site of their new shops. And although the last diggings were abandoned some 30 years ago, gold fever quickly infected local gossip-mongers, whose highly-embroidered rumours inevitably reached the ears of the Robb and Brown Board.

Infected in turn, the directors commissioned prospectors to sink four bore holes among the shopping trolleys and limousines in the car park. Rumour, for once, has proved to be hard fact. The drillers confirmed that there was gold beneath the tarmac and the Board said yesterday that it had called in the assayers, in whose precision scales Robb and Brown must weigh the merits of keeping the gleaming new complex intact or knocking it all down.

Taste treat

Between bouts of interminable speechifying and self-congratulatory brouhaha, the comrades attending the 10th Communist Party Congress in East Berlin next year will be given a chance to see, even taste, how far and in which direction the slow march of progress is taking their new society. Delegates will be the first in East Germany to experience the pleasures of the people's deep frozen pizza.

It was decided recently that as a showpiece for the visitors, East Berlin should build a pizza factory.

Undaunted by the shortage of classic ingredients like mizarella chees, anchovies and olives, Guenter Stahl of the local bakery combine has drafted recipes which will give the pies a distinctive local flavour—his alternative toppings include sausage, apples, eggs and nuts.

Health threat

While I am neither philologist nor xenophobe, I feel the time has surely come for everyday users of the English language to demand the erection of a *cordon sanitaire* around their native tongue. Most of us can put up with the cheery Americanisms inevitably transmitted by film and tourist traffic, but I hope readers who encounter the wave of economic newspeak coming in from the U.S. will resist any temptation to include it in their vocabulary.

From the review of the New York Law School I bring you "relpricestagflation" and "intgroupflation." I shall not burden readers with the definitions in the hope that keeping them in ignorance will help prevent the terms being taken up. But I must warn that exposure to the terms may be catching and cause laryngeal seizures. Since the review claims that both "words" are in fact "stagflation viruses," might I suggest that anyone reading this note takes a bath in Jeyes fluid just to be on the safe side.

Observer

هكذا من الأصل

A NEW CHANCE FOR ULSTER

Searching for a magic formula

BY STEWART DALBY

A REMARK attributed to the distinguished American newspaper columnist, Mr. James Reston, is that Americans will do anything for Latin America except read about it.

Anyone trying to report on Northern Ireland these days knows the feeling—even though at the moment yet another crucial attempt is being made by the British Government to find a political solutinn to the troubles of a province which has been racked by violence for the last ten years.

The British do a lot for Northern Ireland. The taxpayer keeps it afloat economically to the tune of a net payment of around £1bn a year, and the British Army helps to police the province.

But most British are no longer interested in reading or talking about Nurthern Ireland. This comes as a surprise to many people in the province, but it is certainly true in my experience.

When I am in London and talk about Northern Ireland people stifle yawns, look at their watches and decide it's time they had an early night. Many friends and colleagues find baffling all the talks of prime ministers, snd cabinets, for a population no bigger than tha of a county council — when surely all the place needs is a Lord Mayor?

But above all many people are simply weary of hearing about the unending horrors. After 10 years of killings, the violence mostly produces a dulled response from anyone not directly involved.

When you ask even moderately well informed people in London what they think about Ulster as likely as not they tend to come up with the kind of dangerously flippant answer that used to be bandied around about Cyprus when there were troubles there: pull out the British troops, let the two communities fight it out and give the place to the largest number of survivors.

No British Government could take responsibility for the virtual civil war which would follow a precipitate troop withdrawal. Certainly the present Government is not contemplating it. Mrs. Thatcher's view, rightly or wrongly, is that political devolvement to local representatives—a "political solution"—will help to end the violence.

That is why we have to take notice of her administration's latest plans for the province.

The Government's position poses two basic questions. These are:

- Why does the Government feel that political devolntion could solve the problem?
- And does either of the two models for devolution proposed in last week's White Paper have the faintest chance of success?

Today there are approximately 1m Protestants and 500,000 Catholics in the Province. Had the Northern Ireland State been formed from the original nine counties of Ulster then the ratio would have been different. Donegal, Cavan and Monaghan, the three Ulster counties which went to the Irish Free State, contain rather more Catholics, and in Ireland Catholics have a higher birth rate than do the Protestants. But the Protestant leaders in the 1920s wanted to be in the majority, so it was a six-county State.

Many people are weary of hearing about the unending horrors

The Protestants by and large regard themselves as British as anyone in Yorkshire, Somerset, Kent or wherever.

The Catholic protests against discrimination by the Protestant-dominated central and local government from 1972 onwards largely ceased to be one about civil rights because, taken over by the Provisional IRA, the campaign evolved into a nationalist/republican one.

The present British Government, like previous administrations has argued that direct rule from Westminster is unsatisfactory. It has said that there is a lack of continuity because there is a rapid turnover of officials at the Northern Ireland Office, aod the Ministers, who in addition to the Secretary of State inclnde a half dozen junior ministers, are not Northern Irishmen.

The Government's hope is that if certain powers are returned to local political representatives, the sympathy for the men of violence will cease. The compliance rather than active support which keeps the Provisional IRA and the smaller Irish National Liberation Army (INLA) in business will erode as legitimate civil rights grievances are settled by elected representatives. In turn there would be no need for the Protestant paramilitary groups to respond to tha IRA and INLA.

With a lessening of violence it would be easier to attract foreign investment, which is virtually the only way the economy can be pulled out of the deep pit into which it has sunk.

So much for the theory. In practice, the violence will not entirely disappear, because for the Catholic terrorist groups, the struggle is a nationalist one. An internal settlement is irrelevant to them. The problam for them is the existence of the Northern Ireland state itself.

If, however, a system of political devolution which gives Catholics their due political rights—without frightening off the Protestants—can be created, it might help to lessen the violence and reduce the economic mess. The question is how to find the magic formula which will achieve such a system.

It has proved a tantalisingly difficult equation to solve. The one serious attempt in 1974 when a power sharing Executive was set up was brought to grief through "loyalist," Unionist-organised strikes. The Executive lasted just four months.

And the late Mr. Brian Faulkner, the last Stormont Prime Minister and the man who put Protestant Unionists in a power sharing role, went into political oblivion.

The first of the two proposals outlined in the latest Government White Paper again puts forward a power-sharing model. It suggests that seats on an Executive could be allocated on the basis of seats won in an Assembly. Thus if a catholic party wins 25 per cent of the votes out of a possible 80 member Assembly it should have a quarter of the seats in the Executive.

This suggestion will certainly be acceptable to Mr. John Hume, the leader of the Social Democratic and Labour Party (SDLP), tha main moderate voice of catholics in Northern Ireland. Unfortunately it is a total non-starter. The Unionists are not interested in power sharing at all. Like all groups that have known almost absolute power in any country, they are opposed to giving any power away voluntarily. But also they are not prepared to sit on an Executive with people who—they consider—want only to switch the sovereignty of Northern Ireland to a foreign country, namely tha Republic.

Neither the Democratic Unionist Party of Mr. Ian Paisley nor the Official Unionist Party led by Mr. James Molyneaux would contemplate the idea of power sharing. Mr. Paisley, who like Mr. Hume, attended the threa months-long Northern Ireland Conference which led to the White Paper is all too aware of what happens to Unionist leaders who budge one inch from the iron rule of "loyalism;" they must not surrender power to the minority. If they do, they sink without trace. Mr. Paisley and Mr. Molyneaux have already rejected out of hand the first model for power sharing.

For the time being this leaves just the second modal.

Under this, there would be an assembly with an Executive made up entirely from the majority. But there would also be a second body called a Council of the Assembly formed from the chairmen and deputy chairmen—including Catholics—of powerful assembly committees. This council could have delaying or blocking powers over legislation introduced by the Assembly.

Such a system would be majority rule but would give the minority something approaching a veto or moderating position. Even assuming that the Unionists could accept it, however, the model would seem to be as unacceptable to the catholics in general and the SDLP in particular as the first power-sharing model is unacceptable to the Unionists.

The present Government has time for only one initiative

But there might be room for manoeuvre on Mr. Hume's part. Since the power sharing days of 1974 the party has become "greener" or more republican in complexion. Mr. Hume himself is probably more "green" than the man he replaced late last year, Mr. Gerry Fitt.

But even so he is a clever, pragmatic politician. He believes in the political process as a way of solving Northern Ireland's problems and abhors political violence. He has, since becoming a Euro-MP last year, developed his interests in regionalism, and has begun to see the problem more and more in the context of federalism or links with the Republic of Ireland and Britain which are mutually beneficial. He has, moreover, been let off the hook of the "Irish dimension" to some extent, by the statement of Mr. Charles Haughey, the Prime Minister of the Republic, that although he wants reunification he might settle for some kind of federal arrangement for a start.

Providing therefore that Mr. Hume is satisfied that any new Assembly would not be an end in itself, and that there would be useful work it could do in developing Northern Ireland as a region of Europe, he might buy the second model.

If Mr. Hume can carry his party with him, the question is whether the Unionists can accept such a formula.

The key to understanding the Unionists is that since Stormont was wound up, the once monolithic Unionist Party has splintered.

The rump of the old Unionists—the Official Unionists—is led by Mr. Molyneaux, but is under the sway of its deputy Parliamentary leader at Westminster, Mr. Enoch Powell, MP. He has pushed the party into accepting that the full integration of Northern Ireland with Britain is the only solution. Mr. Powell, however, is not an Ulsterman, and his power is essentially negative—that of a strong opponent of devolution who has no alternative other than "integration."

Although the Official Unionists have agreed to re-enter into bilateral negotiations with Mr. Humphrey Atkins, the Secretary of State for Northern Ireland—they did not attend the original constitutional conference—they have remained the group which is most pessimistic about the White Paper's proposals. Moreover, they have appeared to have been outmanoeuvred by Mr. Paisley.

Mr. Paisley, with his own party, has reached the top of the Unionist pile because of the disarray of the other Unionist parties. He owes his current prominence to a very large victory in last year's European Parliamentary elections plus the fact that his party managed to snatch two seats from the Official Unionists in the last Westminster General Election.

His was the only Unionist party to attend the conference earlier this year. Significantly he has not condemned the White Paper outright and has even hinted that "model number two" might possibly be acceptable.

He might well wish the proposals to succeed for three reasons. First, he wants to consolidate his position as the main Unionist leader. Secondly, he has scented real power and clearly wants to be Prime Minister of Northern Ireland.

Finally he is convinced that Mrs. Thatcher is determined to achieve, willy-nilly, some sort of political solution in Northern Ireland. If the local politicians reject the latest attempt, there is a strong possibility that some sort of solution will be imposed.

One suggestion is that an Assembly could be elected and then decide what powers it wants devolved to it.

A talking shop which can only agree to disagree, however, is a far cry from real devolved power. Politicians in Northern Ireland might say that a solution cannot be imposed without their agreement, but what if the Government put its proposals to a referendum, and what if the majority of the electors voted in favour of an Assembly?

The Government has time for possibly only one initiative in its lifespan. If the local politicians throw out the current one then they can look forward to another long period of direct rule.

Mr. John Hume, the main moderate voice of the Catholics (left) and the Rev. Ian Paisley, who would like to be Prime Minister.

Letters to the Editor

Directive on advertising

From the Director General, Advertising Standards Authority

Sir,—The letters from Mrs. S. Clark-Glass and Miss A. Davison (July 3) while most welcome in their constructive tone, underestimate, I believe, the threat still posed to the present UK arrangements for the control of advertisement content by the EEC's proposed directive on misleading and unfair advertising.

There is a clear limitation in Article 189 of the Treaty of Rome on what a directive may properly set out to do. It is required to leave to the Governments of member states "the choice of form and method" of implementation. It is because the Commission has persistently ignored this provision, and has attempted to force upon this country (and others) a method of implementation which would cut across our established patterns, that, for four years and more after it began the rounds in Brussels, the directive is still unadopted.

I would emphasise that it is not a question whether the system espoused by the Commission is better than that presently in use in the UK—though no evidence that it is has ever been forthcoming—but whether it can co-exist in parallel with the present mix of statutory and self-regulatory controls we have. I do not believe that it can or that the cost of dismantling our existing system would in any way be justified in order to obtain the speculative benefits which, we are told, would flow from the adoption of the Commission's proposal.

Peter Thomson,
Brook House,
2-16 Torrington Place, WC1.

Rate burden excessive

From the Treasurer, Test Valley Borough Council

Sir,—I am pleased to see (June 27) that Mr. Bryan Rigby, deputy director general of the CBI considers it vital that industrialists should get involved in the running of local authorities, but perhaps for different reasons. In my opinion, a greater involvement of industrialists would help educate the CBI and others in the difficulties facing local authorities. Local government expenditure is directly affected by price increases in industry. Mr. Rigby suggests that if private sector put up its prices by 23.86 per cent in one year it would end in bankruptcy. If I compare tenders received from the build-industry, I find they are increasing at a higher rate than this and, indeed, it is not so long ago that vehicle prices were being increased by more than 5 per cent every 90 days.

The new industrialist councillors would be surprised to see at first hand that local government does not give perks to its staff such as free company cars, low cost mortgages, etc., and, indeed, at the senior management level pays far lower salaries than even the smallest companies. They would also appreciate the difficulties local authorities have in recruiting and retaining computer staff, because industry pays far higher rewards. Similarly local government has difficulty recruiting skilled manual workers again because industry pays higher.

P. Giddings.
Treasurer's Department,
Municipal Offices,
Beech Hurst,
Weyhill Road,
Andover, Hants.

Productivity is not enough

From Mr. A. de Barr

Sir,—Granted that the required volume of goods can easily be produced by a smaller labour force, what exactly is achieved nationally by making redundant large numbers of workers for whom there is no alternative employment? There is, it is true, some saving as a result of the reduction in consumption consequent upon the reduced purchasing power of those displaced. But, in a welfare state, they and their families continue to be housed, clothed, fed, educated etc. and, as many will be unskilled or semi-skilled, the nett reduction in over-all consumption will be very much smaller than the apparent reduction in the costs of the industry concerned.

The difference appears, in the form of taxation, as an increased burden on those who continue to be employed and on more-successful industries. That reducing the size of the labour force appears to reduce costs is thus the result of the use of a species of marginal costing, the dangers of which are well understood by most managers but not, apparently, by the Government.

The average material standard of living in this country is determined primarily by, on the one hand, the volume of goods produced and of services sold for foreign exchange and, on the other hand, the size of the population; it is largely independent of the number of persons actually engaged in producing these goods and services.

From a national point of view — true costing rather than marginal costing — total labour costs can be reduced only by reducing the size of the population or reducing its average standard of living. For a given population and standard of living, true unit labour costs can be reduced only by increasing tha volume of production and sales.

Since labour costs cannot be eliminated, manual methods of production should be cheaper than automated methods as they do not incur the additional cost of capital equipment. (The use of manual methods may, however, be inconsistent with the need for improved quality).

The displacement of labour is justified only in so far as it frees labour to engage in other wealth-producing activities; in particular, there would seem to be little real justification for displacing unskilled workers. (In practice a smaller labour force contributes to increased managerial efficiency and it may be possible to improve the quality of life by the diversion of labour into service industries).

The real need is not to increase manpower productivity—except, perhaps, in limited areas of skill shortages—but to increase the volume of production by designing and developing new and better products so as to create increased demand.

I believe that the use of marginal costing, rather than true national costing, has led us in recent years to concentrate erroneously on increasing productivity rather than on the development of better products. While world demand for steel or cars remains limited the only way in which British Steel or British Leyland can increase their sales for the benefit of Britain as a whole is by offering better products than their competitors; merely reducing marginal costs by reducing their labour force only transfers the burden to other industries.

And the same argument applies to all industries; the prime requirement is to innovate so as to be able to compete on customer appeal and quality. When there are as a result large numbers of wealth-producing jobs waiting to be filled, then will be the time to concentrate on increasing productivity as in these circumstances the marginal costs will be true costs.

A. E. De Barr.
82, Roewood Lane,
Hurdsfield, Macclesfield,
Cheshire.

Current cost accounting

From Professor H. Edey

Sir,—Dr. Berry and his colleagues suggest (July 1) that depreciation based on the replacement cost of an asset may have no significance for management purposes. They cite the case of old textile machinery kept in use by good maintenanca and reconditioning.

They are of course right. But this has little to do with current cost accounting. Replacement cost in CCA does not relate to the physical asset but to the replacement of its services.

Suppose for example the current cash outflow for operating, maintaining and reconditioning an old textile machine is equal to the total cash outflow needed to operate and service the capital cost of new machinery that would produce a similar output and thus earn the same sales revenue. The CCA value of the old machine is then by definition zero and no depreciation arises.

So the appropriate number to be used in assessing the CCA asset value and depreciation is precisely that which is relevant to the management decision to retain the old asset. The current cost data are tightly linked to the decision process.

The precise relevance of the monetary adjustments in their present form is more open to discussion. There is no doubt however that price changes must be taken into account in assessing working capital and borrowing needs. Time and experience will show whether the present way of representing this fact in the financial statements is the best.

(Professor) Harold Edey.
The London School of Economics and Political Science.
Houghton Street, WC2.

Busy lines in Kent

From Mr. J. Baker White.

Sir, — May I suggest a way in which local educational authorities could save a considerable amount of money without in any way damaging the education of the pupils? It is by reducing drastically the number of telaphones installed in school kitchens.

I do not imagine that the picture in most counties is different from that in Kent. In the Canterbury telephone area, which covers only a part of the county, the directory shows that there are 324 school kitchens with separate telephones, not just extensions, but their own outside lines, in addition to the telephones for the use of the teaching staff. In the case of 10 of these schools, which have two kitchens, each has its own telephone.

Obviously, it is essential for every school to have a telephone for administrative purposes, or for use in an emergency, but is it really necessary to have separate telephones in the kitchens? In most schools the distance from the kitchen to the administrative telephone is less than 100 yards. And how often does the average school kitchen have to use the telephone?

It would be interesting to hear from readers who have examined the position in other counties. The rental charges alonge on the 324 kitchen telephones in the Canterbury telephone area are about £18,000 per year. And how long is the telephone waiting list?

This proliferation of telephones is to be found in other places. The Nonington College of Physical Education has 10 separate telephone lines, seven of them for the use of students. Health centres also do themselves well. The Dover centre has seven telephone lines, Whitstable seven, Rochester five. At Whitstable, child health, chiropody, speech therapy and family planning, all housed in the same building, have separate telephone lines. Again it would be interesting to know what is the position in other counties.

John Baker White.
Street End Place,
Street End, Canterbury.

Recession and protectionism

From Mr. D. Woolf.

Sir, — Your leader article headed recession and protectionism (June 30) I find astonishing. The implication than manufacturing industry in the UK is saeking to restrict imports because it is unable to compete against fair competition is just not true. Manufacturing industry is having to cope with too many problems at one time. There is the problem of low-cost imports which has been with us for many years, but now we have crippling interest rates, outrageous inflation, primarily in the Government supply sectors, ie, rates, heating, lighting, etc., and the increase in the value of the pound which has made profitable exporting a thing of the past.

Sir Keith Joseph has suggested that the unemployed should accept jobs at lower rates of pay. In the first case, in many industries there are wages councils, and manufacturers are not allowed to employ people below set rates. In the second case, is he suggesting that people should take jobs and undercut another man, thus causing a deflationary effect which then leads to the moral issues of whether each man is entitled to earn a living? What we must surely remember is that charity begins at home and we must look after our own people. What is the use of having 2m or 3m people unemployed in the UK and creating a good employment situation in the third world?

D. A. Woolf.
Revelation Shirts,
Bewsey Street, Warrington,
Cheshire.

Today's Events

GENERAL

UK: National Union of Mineworkers annual cooference continues, Eastbourne (until July 11).

Lord Thorneycroft, Conservative Party chairman, and Lord Soames, Leader of the House, speak at Cities of London and Westminster Cooservative Association lunch, Londoo.

Overseas: President Carter attends memorial service in Tokyo for Mr. Masayoshi Ohira, the late Japanese Prime Minister.

PARLIAMENTARY BUSINESS

House of Commons: Debate on Ulster White Paper.

House of Lords: Debate on Middle East and South Africa.

Select Committees: Defence, on strategic nuclear weapons policy, Room 8, 10.30 am. Education, on British Library Service, Room 6, 10.30 am. Industry and Trade, on imports and exports, Room 16, 10.30 am. Energy, nuclear power programme, Room 15, 10.45 am. Public Accounts, oo the role of the Comptroller and Auditor General, Room 16, 4 pm. Energy, on nuclear power programme, Room 6, 4.15 pm. Transport, on Chanoel link, Room 17, 4.15 pm. Employment, on Manpower Services Commissioo's corporate plan for 1980-84, Room 15, 4.30 pm. Treasury and Civil Service sub-committee, on the Civil Service Department's role and powers. Room 15, 5.30 pm.

OFFICIAL STATISTICS

Central Government transactions for June (including borrowing requirement).

COMPANY MEETINGS

Carless Capel and Leonard, Tallow Chandlers Hall, 4 Dowgate Hill, EC, 11.30. Churchbury Estates, 12 Henrietta Street, WC, 10. Deritend Stamping, St. Richards House, Victoria Street, Droitwich, Worcester, 12.30. Foster Bros. Clothing, St. John's Hotel, 651 Warwick Road, Solihull, West Midlands, 12. John Foster, Waldorf Hotel, Aldwych, EC, 12.30. Hield Brothers, Brigella Mills, Bradford, 12. Holt Lloyd, Lloyds House, Alderley Road, Wilmslow, Cheshire, 3. Loodoo Sumatra Plantations, Baltic Exchange, 14 St. Mary Axe, EC, 11.30. Milletts Leisure Shops, Abercorn Rooms, Liverpool Street, EC, 12. P. Panto, The Cumberland Hotel, Grand Parade, Eastbourne, 11. Parkland Textile, Parkway House, Leeds, 12.30. Rowtoo Hotels London, Park Hotel, Elephant and Castle, SE, 12. J. W. Spear, Connaught Rooms, Great Queen Street, WC, 12.

LMI advances to £3.45m and sees further growth

PRE-TAX PROFITS of London and Midland Industrials expanded from £2.13m to a record £3.46m in the year to March 31, 1980, including post-acquisition profits of Winn Industries, which the group bought last October. Sales increased by £15.81m to £36.21m.

At midway, the taxable surplus was £0.16m higher at £1.15m.

Mr. C. M. Beddow, chairman, says the group started 1979-80 in an exceptionally strong financial position and it has begun the current year on an even firmer base with important liquid funds and considerable resources.

The group has a wide range of products, services and activities—now covering consumer products, home improvements, fasteners, and engineering—and the directors expect and plan for growth to continue.

Subsidiaries are encouraged and supported to develop their activities and skills, he states. With the group's strong financial position this can be augmented by further investment in new operations.

A net final dividend of 4.85p raises the total from 6.75p to 7.75p. The total for 1978-79 included a special payment of 1p because of exceptional profits.

Stated earnings per 25p share are 1.7p higher at 17p, after tax of £1.27m (£0.81m).

● comment

It is difficult to pinpoint Winn's contribution to the advance at LMI but it looks as though the acquisition should have been capable of some £2m pre-tax in calendar 1979 which, on a pro rata basis, assumes that the 5½ months was worth around £920,000. Given that the group's interest earning capacity was swollen by the profits on the Caledonian deal, it may not be stretching a point too far to say that LMI was all but flat last year. That should not matter overmuch; the shares responded yesterday with a rise of 8p to a peak for 1980 of 122p. All too few engineering based mini-conglomerates can say the same. The point is that LMI has net liquid funds of some £1.3m which with ample term facilities and a small positive cash flow provides scope for further acquisitions. The engineering bias may be a handicap this year especially since two subsidiaries are tied, to a considerable extent to the auto industry. But small specialist engineers can often thrive in the barren ground of strike and recession and, anyway, 30 per cent of total turnover stems from car care and home improvements—two good cash generating businesses which require little or no funding. A yield of 9.4 per cent offers reasonable support and a multiple of 6.9 times published earnings is not over-demanding although the shares may need the stimulus of a sizeable new acquisition, to push very much further onto higher ground.

HIGHLIGHTS

Lex examines the poor set of figures from **Rothmans** where the £18m fall in profits was worse than the most pessimistic outside forecast. The strength of sterling, it is claimed, cost the company £20m of lost profit. The June banking figures were published yesterday showing a ¾ per cent fall in Sterling M3 and Lex considers these figures in the light of the Bank of England's decision last week to cut MLR. Lex also ponders the prospects for the new gilt edged stock which is up for tender this morning. Finally the **Lesney** accounts are discussed, in particular the new financing agreement with its banks. On the inside pages there are lower profits from **Waddingtons** and **Donald Macpherson** and it also looks as if the original **LMI** (before acquisitions) had a fairly flat time. **Polly Peck** pops up with a rights issue and a bid while **McKay** is raising £4m. There is also news of a forthcoming **Marinex** offer for sale.

Stalemate at Milford Docks

THE ATTEMPT by three dissident shareholders to gain representation on the board of the Milford Docks Company at yesterday's annual general meeting ended in temporary stalemate.

The shareholders forced the board to reverse its decision to postpone the annual general meeting until July 31, but beyond that they achieved little.

Both sides were at times in danger of being submerged by the peculiar procedural wrangles associated with Milford's privileged status as a statutory company.

Despite lengthy legal discussions and studious reference to Halsbury's Laws of England neither side could agree on the correct procedure for electing directors. Mr. Charles Smith, Milford's chairman, then said he would decide what the lawyers could not, and announced that a poll would be taken at noon on July 31, in the Hyde Park Hotel.

Apart from the re-election of two existing directors, Mr. D. H. Blick and Lt-Col. T. G. Wilkinson, shareholders also have to decide on the election of the three dissident shareholders, Mr. Faik Ezen, a Turkish entrepreneur, Mr. John Knowles, a stockbroker, and Mr. James Thomson-Moore.

Although Mr. Ezen has been associated in the past with Mr. Richard Eldridge, who made an unsuccessful attempt to unseat the board earlier this year, he says he is now acting independently. Nevertheless Mr. Eldridge and Mr. Steven Maltz, among others, supported the appointment of Mr. Ezen and his colleagues at yesterday's meeting.

Shareholders will also be able at the Hyde Park Hotel meeting to vote on the creation of additional authorised share capital which has been strongly opposed, particularly by Mr. Eldridge.

STANHOPE GENL.

A fall of £4,002 to £105,977 in pre-tax profits is reported by Stanhope General Investment for the year to March 25, 1980.

After tax down from £42,694 to £40,837, stated earnings per 25p share are lower at 5p (5.15p). A second interim dividend of 2.2p makes the total 4.25p (3.38p), which includes a special non-recurring net payment of 0.85p.

United British Securities Tst. rises to £5.2m

Taxable revenue of United British Securities Trust advanced to £5.22m in the year ended June 30, 1980 compared with £3.7m.

A final of 4.3p, together with a special payment of 1p, lifts the total dividend to 7.55p (5.1p). Gross income for the year went ahead in £5.58m (£3.84m) and after tax of £1.83m (£1.41m), net revenue was £1.11m up at £3.39m.

Harris Queensway share price falls 30p

A SUBSTANTIALLY downgraded profits estimate by the official brokers sent the shares of **Harris Queensway**, the discount furniture group, down 30p to 143p yesterday.

L. Messel, the company's stockbrokers, yesterday advised clients that it now believed Harris would only maintain profits this year at around £8.25m. Earlier the broker had been looking for an increase to £12m or so.

Messel stressed that the company had "no financial problems" but the difficult trading conditions were slowing sales at a time when the company was spending money on property acquisitions and had been looking for savings from its new warehouse and cutting shop.

These conditions had all prevailed to increase working capital requirements and pre-tax profits.

The broker is looking for a poor first half followed by a much better second half. Its longer-term forecast for 1981 is "very good indeed, subject only to an average level of retail sales."

Reed Paper/ Reed Int'l to amalgamate

Reed Paper has approved in principle a reorganisation which would result in it becoming a wholly-owned subsidiary of **Reed International**.

At present, Reed International indirectly holds through Reed Anglo 87 per cent of the outstanding voting stock of Reed Paper.

Prior to the amalgamation being considered by its shareholders, Reed Paper will redeem all of its outstanding preferred stock at C$12.50 a share by October 1.

These shares are convertible into Common shares and holders can convert them prior to redemption.

But Reed Paper recommends holders not to convert their shares until they have received formal notice of the amalgamation.

Common stock holders, other than Reed Anglo, will receive one special redeemable share of the Amalgamated company which will be redeemed at $12.75 a share shortly after the amalgamation, which is expected about mid-October.

Shareholders who convert preferred shares into Common will ultimately receive $13.55 for each preferred share.

Waddington dives but holds final

A STRONG recovery in the second half at John Waddington failed to offset the interim dive into losses which was due to a deficit of £2.9m marked against the Videomaster subsidiary for loss and provision.

This setback meant that the group finished the year to March 29, 1980, with pre-tax profits almost halved at £881,000, compared with £1.68m. Mid-term losses were £418,000 (£1.65m profits).

Excluding Videomaster, profits for the year rose by 37 per cent to £3.78m (£2.76m). Group sales were 24 per cent higher at £57.23m (£46.01m).

Despite the profits downturn, the directors are recommending a maintained final of 6.68p, giving an increased total of 11.9p (11.68p) net. This is in view of their assessment of prospects for the current year.

Mr. Victor Watson, chairman, says trading conditions will be difficult for most businesses this year but the group has a number of things in its favour. It is organised into trading units with the advantage that they can respond rapidly to changing conditions and a number of the units have started the year with better than usual order books.

It would be unrealistic to expect a particularly good year in the current economic climate, he adds, but the group is adopting prudent policies. "We are continuing our development programmes and we intend to be ready to make hay when the sun shines."

On the performance of Waddingtons Videomaster during 1979-80, Mr. Watson says the plan to put the small remaining number of employees under the control of Waddington House of Games was duly carried out.

Progress has been satisfactory so far and the directors believe the provisions will cover the cost of bringing the business under control.

Profits of the packaging and printing side improved from £1.96m to £2.32m, despite strong competition and increasing costs. This side has begun the manufacture of some specialised plastic package-making machinery for Russia — part of a contract worth £1.8m.

The games and playing cards activities turned round from losses of £177,000 to profits of £878,000. There were profits of £286,000 (£29,000 losses) in North America, but this market is now depressed and a good result is not expected this year.

The contribution from greeting cards fell to £582,000 (£982,000), reflecting the effects of the transport strike.

There was a tax charge for the year of £363,000 (£105,000 credit) and as a result of treating deferred tax along the line of SSAP 16, there was a prior-year increase in reserves of £3.55m.

Stated earnings per 25p share were 7.61p (28.12p).

Capital investment was reduced to £2.44m (£3.21m) to conserve cash, while inflation and the Videomaster losses lead to borrowings net of short-term deposits rising by £2.1m. Interest payments were rather more than doubled at over £1.5m.

A year-end property revaluation showed a £1.23m surplus which has been added to reserves.

● comment

It is no secret that the toy sector is facing a difficult time, but John Waddington has a particular problem which refuses to go away. This is the ill-fated Videomaster business, the electronic games operation acquired from a receiver in 1978. That year a typhoon wiped out much of the supplier's Philippines factory and last year a shortage of micro-electrical parts caused Videomaster to miss the crucial Christmas period again. This has brought loss provisions in the past two years to nearly £4m, a deficit the company cannot really afford as it battles import competition and other problems in its packaging/printing, playing cards and greetings cards divisions. Although the company is now trying to tighten its belt by reducing capital investments, it is sitting on an unpleasantly high 63 per cent income gearing level and an increased capital gearing level of 58 per cent. This year the company's playing cards and games division will probably decline from its £878,000 profit contribution to as little as £½m. Greeting card earnings are already depressed because of imports and last year's transport strike. The Videomaster business is likely to break even by the year end and group pre-tax profits of around £3m would be unexciting, but reasonable in a recovery period. At 122p, the p/e on stated earnings comes to 15—no bargain. The yield on an uncovered, marginally higher total net dividend stands at 14.8 per cent.

Pilkington's major step into Europe

In a summary of the activities of Flachglas incorporated in its annual report and accounts, Pilkington Group reports that the West German company achieved a retained profit of £4.7m in 1979, after paying out £5.8m in dividends.

In his annual statement, the group's chairman, Sir Alastair Pilkington, says that the acquisition of Flachglas, for which Pilkington paid £140m in June, is a major step forward in establishing a strong position in Europe.

As reported, Pilkington's taxable profits rose by £1.1m to £91.4m in the year to March 31, 1980 despite a decline from £29.2m to £24.1m in UK companies' trading surplus. Overseas profits were ahead at £24.9m (£21.3m) and licensing income was £37.9m (£37m).

In the current year, sales of the European flat glass division are expected to be maintained, although this will depend on whether the general economic situation in the UK affects the home improvement market. With inflation not expected to reduce significantly, profit margins will again be under pressure and continuing improvements in efficiency will be more important than ever.

After reaching record levels during 1979, demand for insulation products has slackened following the Government's decision in February to reduce its commitment to schemes for the insulation of local authority and private housing.

Current results are encouraging from Sola International Holdings, an Australian manufacturer of optical and opthalmic lenses acquired during 1979. The company was severely affected by pressure on prices emanating from the U.S. which caused near dumping of product on to the market, but has emerged in a healthy condition. Improved profitability is expected from Australian flat and safety glass operations.

A group balance sheet as at the year end shows shareholders' funds up from £422.9m to £581.9m. Bank overdrafts amounted to £35.8m (£38.9m) and cash and bank balances £82.7m (£70.9m).

Capital expenditure of £247.5m (£108.9m) not provided for in the financial statements included schemes approved by the directors but not contracted for of £206.5m (£84.3m).

After making a special provision of £2.1m during the year, there was a further commitment not provided for of £1.9m, payable over the next six years, to make up the pension payments of certain employees who have retired early. Certain subsidiaries had similar commitments amounting to £1.6m (£2.2m) at the year end and payable over the next 15 years.

In addition, the group has a commitment to pay £2.2m (£2.2m) in respect of uncalled share capital of subsidiary companies. The maximum loss which could arise in any year from the guaranteed proportion of insurance risks is estimated at £1m (same).

Meeting, St. Helens, Lancs, September 5 at 2.30 pm.

Lesney sees minimal growth in sales value this year

GROWTH IN sales value at Lesney Products in the coming year is likely to be minimal and this together with the cost of so many changes, is likely to affect operating profit, Mr. L. C. Smith, chairman, tells shareholders in the annual report.

"So long as the company is heavily borrowed, interest charges will be a burden," Mr. Smith adds.

The priority will be substantially to reduce borrowings and the group's excessive stock position. Production is being closely monitored with a view to keeping stocks and borrowings as low as possible.

While the UK will continue to be an important manufacturing area, it is clear that the world-wide spread of sales needs to be served by a wider diversity of sources of manufacture, the chairman says.

The group will continue to source through its own subsidiary in Hong Kong and the pilot factory in Singapore will be studied in greater depth. The AMT kit factory in the U.S. is planned during the current year to absorb a greater proportion of the American sub-contract plastic mouldings and other work.

As reported, the group incurred a loss before tax of £3.61m in the year to January 27, 1980, compared with profits of £5.12m previously. Turnover amounted to £106.73m against £88.96m.

The group balance sheet shows fixed assets of £23.59m (£20.86m) and tooling at £7.31m (£7.09m). Bank loans and overdrafts stood at £27.17m (£12.39m) and term loans at £18.53m against £10.17m.

In their annual report, the directors say that since the year-end, agreement has been reached with the group's UK and U.S. bankers for appropriate increases in their facilities.

Security is being given for such facilities by way of fixed and floating charges on the UK and U.S. assets; local security is also being given in respect of other overseas banking facilities.

Clark Pixley, the group's auditors draw attention to these facts that have taken place subsequent to this date of the balance sheet.

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DAVY CORPORATION IN JOINT VENTURE

Davy Corporation has formed a joint venture with a leading Mexican banking institution to participate in the rapidly increasing market in Mexico for the engineering and construction of process plants.

The joint company will combine Davy's engineering project management capability with the Mexican background and financial resources of Somex.

Somex is a leading Mexican bank with Government and private participation and the joint venture is between Fomento Industrial Somex, the industrial arm of Somex, and Davy McKee, the international engineering and construction side of Davy.

ISSUE NEWS

McKay makes £4m cash call as profits move ahead

PROPERTY INVESTMENT and development group McKay Securities is raising £4m by way of a one-for-four rights issue at 120p a share.

The company has also reported pre-tax profit for the year ended March 31, 1980, of £958,942 (£710,709) on turnover of £2.2m (£1.8m).

Proceeds of the rights issue will produce an injection of equity finance at a time when the group has in hand the acquisition and planning of several major development and refurbishment schemes, the company said.

The rights entails the issue of 2.7m new ordinary shares and 609,646 new capital shares.

The group's properties are shown in the March 31, 1980 balance sheet at £19.6m, on the basis of the March 31, 1978 valuation plus additions at cost.

Attributable earnings were £567,225 (£408,991). A final dividend of 1.35p net makes 2.7p for the year compared with an adjusted 1.6p. The board expects to recommend dividends totalling at least 2.7p for the current year after the rights issue.

Marinex seeks SE listing

MARINEX, the UK subsidiary of the American Marinex group, is to seek a listing on the Stock Exchange next week under Rule 163 (iii) with an offer for sale. The company, which holds a 14 per cent net interest in the Humbly Grove oil field near Basingstoke, intends to concentrate on UK onshore oil exploration.

Mr. John Leonard, chairman of Carless Capel, the operating partner of the Humbly Grove consortium, said yesterday that Marinex would also be joining in a scheduled drilling project at Yarnbury in Wiltshire within the next few months.

Although Marinex' brokers would not specify the size of its planned sale, it is understood arrangements are in hand for an offer of ordinary 10p shares some time next week. The usual size of recent new issues in the oil exploration sector has ranged between £5m and £10m.

Marinex currently has an interest in 17 licences in Southern England covering a total of 1.3m acres.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Anglo-Amer. Secs. ... int.	1.3	Aug. 22	1.2	—	4.74**
Asscd. Fisheries ...... int.	0.25	Aug. 26	0.25	—	1
Avenue Close	1.97	—	1.79	1.97	1.79
Birmingham Mint	7	—	5.7	10	7.5
Bristol Evg. Post	6.5	Aug. 6	4.75	9.75	7.76
Bromsgrove Casting ...	3	—	2.6	4	3.5
Courts (Furnishers) ...	†.95	—	†.33*	3.7	3.13*
Equity Consort	8.68§	Aug. 6	7.75	12.26	10.75
Investors Cap. Tst. int.	1.5	Sept. 5	1.15	—	2.9¶
R. Kelvin Watson	2	—	1.79	3.3	3
Lincroft Kilgour ... int.	Nil	—	1.65	—	4.05
LMI	4.85	—	4.1	7.75	6.75
McKay Securities	†.35	—	0.94*	2.35*	1.9*
Donald Macpherson int.	1.5	Sept. 1	1.5	—	4.2
Rothmans	2.11	Oct. 2	1.65	3.11	2.45
Stanhope Gn. In. 2nd int.	2.2	Aug. 12	2.2	4.25¶	3.38
R. W. Toothill	Nil	—	2.63	Nil	2.63
Utd. Brt. Sc. T. 2nd int.	5.3‡	Aug. 29	3.7	7.55‡	5.1
J. Waddington	6.68	Oct. 1	6.68	11.9	11.68
F. Wrighton and Sons ...	1.08	Sept. 3	1.08	1.08	1.08

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Including special dividend of 1p. § Dividends gross per share. ¶ Includes non-recurring payment of 0.65p. ‖ Includes non-recurring payment of 0.4p. ** Includes non-recurring payment of 0.54p.

BIDS AND DEALS

Polly Peck raising £1.6m for Cyprus investment

THE financially troubled ladies' fashion group, Polly Peck (Holdings), is raising £1.56m by way of a one-for-five rights issue at 75p a share to invest in a corrugated packaging plant in the Turkish Federated State of Cyprus.

The company has also reported a consolidated net loss in the year ended March 19, 1980, of £89,000 (£2,000) on turnover of £1m (£1.2m). No dividend was paid in either year.

Polly Peck's shares were suspended at the company's request on June 17 at 83p following fresh speculative activity. Since the acquisition of a 58 per cent interest by a company controlled by Mr. Asil Nadir in February, the shares have risen from 7p.

Yesterday, the shares jumped 41p to 128p following the news and lifting of the suspension.

The rights proceeds will be used, subject to shareholders' approval, to acquire Uni-Pac Packing Industries, e company incorporated in the Turkish-controlled part of Cyprus ("northern Cyprus") last month and to provide adequate working capital for its future operation.

Uni-Pac, which is owned by Mr. Nadir, has leased factory space at Famagusta and is equipping it with British and European machinery for making corrugated packaging. It expects to start production in September and reach an operating capacity of 2m 20 kg containers per month by December.

Raw material, mainly paperboard, is to be bought on the open market, rather than through long-term contracts. Total cost of the project is said to be £950,000 plus £148,763 to reimburse expenses incurred by Mr. Nedir and his associates.

Uni-Pac will be the first and only maker of corrugated packaging in northern Cyprus and expects to become a principal supplier to the agricultural industry because of the Government's local preference policy. However, Mr. Nedir said the Cyprus market could absorb only one-third of the plant's ultimate production capacity and be hoped to develop export markets, notably in Turkey.

A forecast of not less than £2m pre-tax profit for Uni-Pac for the period ending on August 31, 1981, is based, among other things, on sales within Cyprus only.

The Polly Peck rights are offered to shareholders on the record on July 18 and acceptances must be received by August 20. Restro Investments, the company through which Mr. Nadir controls 58 per cent of Polly Peck, has agreed to take up its entitlement in full.

An EGM will be held on July 30 to increase the authorised share capital and to approve the acquisition agreement.

CASH OFFER FOR CHRISTY BROS. CLOSES

The cash offer to acquire the whole of the share capital of milling, mechanical and electrical engineer, Christy Bros., has now closed.

Brokers Simon and Coates say the offer was accepted in respect of 1,006,885 shares (50.34 per cent) and with a previous purchase of 60,000 ordinary the aggregate holding is 53.34 per cent. With clients of S and C holding 295,000 shares not assented to the offer, the brokers and its clients have control of 1.36m shares (68.09 per cent).

AC CARS £1.2M FACTORY SALE

AC Cars has disposed of its freehold factory and site in High Street, Thames Ditton, together with certain adjoining properties for £1.2m, of which £400,000 was paid on the exchange of contracts. The residue will be paid on completion of the deal which will take place on or before April 9, 1981.

The net book value of the assets being sold was £48,195 et August 30, 1979. The board intends to use the proceeds in reducing the company's current borrowings, extending existing properties and expanding its other activities.

BLADEN BROTHERS/ AUSTIN REED

Directors of Bladen Bros., menswear manufacturer of Hanley, Stoke-on-Trent, have decided that the company should cease trading and to merge the business with Harry Hall (a member of the Austin Reed Group).

Announcing the merger, Mr. Sidney Leader Cramer, chairman of Harry Hall, said that Bladen's products are to be edded to Harry Hall's range of countrywear.

The sum involved does not exceed 2 per cent of the net tangible assets of Austin Reed Group.

TILLING/AIRFLOW

Thomas Tilling, through its subsidiary Clarkson Industries Inc., has acquired Airflow Company of Gaithersburg, Maryland, U.S., a manufacturer of temperature and humidity control equipment. The consideration was $4m in cash.

Airflow reported pre-tax profits of $0.83m on sales of $8m for the year to March 31, 1980. Clarkson Industries, which became a Tilling subsidiary in March 1978, designs and manufactures environmental control systems.

In 1979 Tilling reported pre-tax profits of £81.1m on sales of £1.42bn.

OFFER FOR STEAUA EXTENDED

The offer by the English Association of American Bond and Shareholders for Steaua Romana (British) had been accepted in respect of 691,735 ordinary shares (34.6 per cent) and 320,444 deferred shares (64.1 per cent) as at July 7. Both offers are extended until July 22.

CONZINC RIOTINTO/ JURONG ALLOYS

Conzinc Riotinto of Australia has bought the steel foundry business of Jurong Alloys Pte., e joint venture between Inchcape Bhd and Johns Perry, of Australia.

An Inchcape spokesman said the transactions were concluded recently but he declined to disclose the acquisition price. Jurong Alloys has a paid-up capital of S$8m.

LDN. & EUROPEAN/ NEWMAN INDS.

London and European Group, the property and investment holding concern, is continuing to build up its stake in Newman Industries, the troubled electric motors, ceramics and fastening manufacturer.

L and E, where Mr. Malcolm Horsmen, the former Ralli Securities chairman, become a director earlier this year, has acquired e further 275,000 Newman ordinary, taking its stake up to 4.98m shares. This represents an increase in the holding from 19 per cent to 20.11 per cent.

In the second half of 1979 Newman incurred a loss of £1.92m, which left the year's profits down from £6.2m to £0.38m.

As reported last month Mr. Alan Bartlett, the former chairman, is to take action for wrongful dismissal. This follows the High Court action brought by the Prudential Assurance which alleged thet Mr. Bartlett had made a financial gain by selling Thomas Poole and Gladstone, a company of which he was chairman, to Newman.

HENSHER FURNITURE

Hedderwick, Sterling, Grumbar and Co. have disposed of 161,000 ordinary (10.0625 per cent) of Hensher Furniture Trades. Bardsey Investment has acquired 220,000 ordinary (13.75 per cent).

Panamanian company buys stake in Stoddard

Hampton Corporation, a Panamanian company, yesterday announced that it had acquired an 11.5 per cent stake in Stoddard Holdings, the Scottish Axminster and Wilton carpet maker.

The announcement made anonymously and not to the Stock Exchange, came as a complete surprise to Stoddard, a spokesman said yesterday.

Later Mr. Graeme Thom, the dealing partner at Shaw and Co., stockbrokers, confirmed that his firm had handled the purchases on behalf of Hampton.

Mr. Thom said the purchases had not been made through a "market raid" but by normal market trading. They had also complied with all the provisions of the Companies Acts so far as disclosure was concerned.

The Companies Acts merely require buyers to disclose individual holdings of more than 5 per cent. If purchases are made of holdings below that amount by different parties, even if acting in concert, the existence of the concert party is not required to be disclosed under company law.

The Department of Trade is believed to be studying this aspect of the law as part of its inquiry into the acquisition by De Beers/Anglo American of 25 per cent of Consolidated Gold Fields in February this year.

De Beers bought 11 per cent of Gold Fields in e market raid and also announced that it had been building up a further 14 per cent in the company through small parcels over some months.

A Stock Exchange report into the same affair is also likely to be published later this week.

GAS & OIL ACREAGE

The Edinburgh Securities Company has exercised its option to purchase 200,000 shares in Gas and Oil Acreage at £1 per share. This increases the issued share capital of Gas and Oil to 6.5m shares.

WOLF ELECTRIC

Hill Samuel and Co. now owns 775,000 ordinary (6 per cent) of Wolf Electric Tools (Holdings).

COPPER VENTURE IN STHN. CHILE

The Chilean mining company El Toqui is to spend U.S.$17m to develop copper deposits in Aisen, a remote area more than 1,000 miles south of Santiago, the capital of Chile. Metallgesellschaft of West Germany sold its 55 per cent stake in the company to Chilean interests when it decided that e mining operation would not be sufficiently profitable.

El Toqui said that it expects annual profits of between $40m and $50m by 1985.

MINING NEWS

Price rise props up gem sales in first half

BY KENNETH MARSTON, MINING EDITOR

AT FIRST reading the total value of world sales of rough gem and industrial diamonds marketed by De Beers' Central Selling Organisation for the first half of this year shows up well against the general background of recession. The figure for the past six months comes out at R1.27bn, or $1.57bn.

In rand terms, the latest value shows a rise of 17 per cent on that for the first half of 1979 and an increase of 15 per cent on the second half 1979 total. In terms of dollars, the respective increases are 23 per cent and 18 per cent.

The CSO rand figures are compared in the following table.

	Six months to June Rm	Dec. Rm	Year's Total Rm
1980	1,267.2	—	—
1979	1,085.4	1,106.2	2,191.6
1978	1,063.5	1,155.4	2,218.9
1977	943.4	859.3	1,802.7
1976	681.9	670.0	1,351.9
1975	335.1	438.4	783.5
1974	535.6	313.6	849.1
1973	478.7	441.9	920.6
1972	323.4	332.1	655.5
1971	220.1	226.3	446.4
1970	200.7	177.7	378.4
1969	260.1	234.5	494.6
1968	203.2	225.6	428.8

An important factor in the latest half-year figure is that it reflects the average price increase of 12 per cent which came into force in February. The two previous increases were of 13 per cent in September, 1979 and 30 per cent in August, 1978. The letest value thus masks e fall in the volume of stones sold.

Even so, the current year started off well and in April Mr. Harry Oppenheimer, chairman of De Beers, pointed out that CSO sales had been running et above the previous year's levels. After this, however, the world recession began to bite more deeply, especially in tha U.S. market which accounts for nearly half the world gem sales.

Tighter credit coupled with high interest rates have also come into the picture. Stocks are still high et the cutting centres where there has been some softening in prices while recent "sights"—the CSO occasions of which there are 10 per year when sales are made to the merchants—have been quiet with smaller quantities of stones being sold.

The market for the smaller gems of up to about one carat remains weak and stocks of these goods are very much in surplus while recently there has been some easing in the previously strong demand for the larger stones.

The indications are, therefore, that the CSO sales figure for the second half of this year will be down unless there is a further price increase and this seems unlikely at the moment.

But to put things into perspective it must be remembered that the current turn-down follows some exceptionally strong years; world sales values in rand terms rose to new records in 1976, 1977 and 1978.

As far as De Beers is concerned, the prospect of lower profits on its diamond activities has to be seen against the likelihood of higher revenue from the group's important gold interests which provided 24 per cent of last year's investment income. This came second to industrial interests which provided 39 per cent and could also do better this year.

Overall, De Beers still looks capable of turning in higher profits this year and there could be room for a modest increase in the 2.8 times' covered dividend of 72.5 cents (39.6p). On a yield of 10 per cent the shares are not over-priced for a company of this calibre despite the inevitable African political considerations.

Reduced gold profits in June quarter

LOWER PROFITS are announced for the June quarter of this year by the South African gold mines in the Consolidated Gold Fields group. They reflect a lower average bullion price received in the period of R13,814 per kilogramme, equal at current exchange rates to $558 per ounce. In the March quarter the mines received an average of some $634. Gold was $682¼ yesterday.

At the same time, the trend to mining more of the lower ore grades continues with a consequent fall in group gold production. Working costs rose by 5.4 per cent and the net result was a 23.6 per cent fall in group working profits to R392m (£214m).

But cushioned by lower tax and sundry income, the mines' net profits declined by only 14.6 per cent and they were still higher than those earned in the December quarter of last year.

Lower tax and State's share of profits has left Doornfontein better off on balance than in the March quarter. This reflects the more favourable lease formula and capital allowance classification which have been made retrospective to July last year as a result of the company's decision to exploit the lower grade area adjoining the mine's southern boundary.

Lower tax payments in the past quarter have also been helpful at East Driefontein and Venterspost. Kloof's earnings have been adversely affected by loss of production resulting from an underground fire and an insurance claim will be submitted. West Driefontein reports a lower profit from uranium in the quarter.

The latest quarterly net profits of the mines are compared in the following table.

	June R000s qtr.	March R000s qtr.	Dec. R000s qtr.
Deelkraal	2,021	2,870	—
Doornfontein	14,620	*13,805	8,234
East Driefontein	48,480	61,189	48,506
Kloof	34,937	41,489	27,896
Libanon	14,763	15,441	9,431
Venterspost	6,096	6,815	4,011
Vlakfontein	773	1,092	671
West Driefontein	54,026	64,375	44,740

* Restated.

Macpherson margins cut in first six months

A SHARP reduction in pre-tax profits from £2.03m to £1.3m is reported by **Donald Macpherson Group** for the half year ended April 27, 1980 but the directors are maintaining the interim dividend at 1.5p per share. Sales amounted to £40.74m against £36.05m.

Mr. Rex Chester, chairman, says the recession which has been threatening for so long has undoubtedly arrived "and with a suddeness and a degree of severity that has surprised many people."

First half profit is after interest of £528,000, compared with £400,000. Tax takes £466,000 (£588,000) giving earnings per share of 4.6p against 8.9p.

The chairman says that in the last three months, the business market in which the group operates has deteriorated markedly. In the retail d-i-y market, consumer demand and severe de-stocking resulted in a sharp fall in volume offtake by customers and intense competition led to a reduction in margins.

The industrial coatings business held up much better than expected during the steel strike but fell sharply from the end of March. Sectors such as furniture, domestic appliances and engineering have been particularly hard hit.

Poor trading conditions in the furniture industry affected profits of the Unerman division, but, as in the other divisions, action has been taken to cut back on operating costs.

The strength of sterling made it necessary to make substantial reductions in margins in order to keep some customers, however, overseas companies' pre-tax profits were only marginally down on last year.

Mr. Chester added that the company had a strong balance sheet and "we believe that in the coming months a number of new opportunities for acquisition and diversification will arise."

• comment

With all its divisions under pressure, Donald Macpherson has seen trading profits fall by 30 per cent and margins slimmed by over two points. In the case of DIY, retail paint sales and furniture fittings, this is a clear reflection of consumer spending patterns. In the dominant industrial coatings business, however, the downturn is partly a measure of uneven purchasing trends. Having stocked up heavily before and during the steel strike, customers de-stocked towards the end of the period and order levels are only now starting to recover. The outlook for the rest of the year is highly uncertain but, with feedstock prices rising more slowly this year, current cost earnings sould compare more favourably with the historic figures. Macpherson's problems had been fully discounted by the market, which pushed the share price up 1p to 73p yesterday. Assuming a maintained final, the yield is 8.4 per cent. The level of interest payments is a little worrying but Macpherson has a strong balance sheet and is in a position to prune operating costs if necessary.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Amatil, Bond Street Fabrics, General Consolidated Investment Trust, M. and G. Dual Trust, NCR.

Finals—H. P. Bulmer, Danae Investment Trust, C. H. Downing, Moorgate Investments, Routledge and Keegan Paul.

FUTURE DATES

Interims—	
Edinburgh American Assets Tst.	July 23
Jameson Chocolates	July 10
Lovell (Y. J.)	July 24
Portsmouth and Sunderland Newspapers	July 24
Finals—	
Atlantic Assets Trust	July 14
Bevan (D. F.)	July 11
Crown House	July 21
LRC International	July 14
S and U Stores	July 10

DE LA RUE/SICPA

The De La Rue Company and SICPA SA of Lausanne, Switzerland, have formed a joint company, FIDINK SA, in which SICPA will own two-thirds and De La Rue a third of the equity, established at SwFr 3m.

The new company is constructing a factory at Chavornay, Switzerland, to supply inks to De La Rue's security printing divisions.

Avenue Close declines

After rising from £258,362 to £281,673 at the half-year stage, taxable profits of property investment and development group Avenue Close showed a decline over the 12 months to March 31, 1980, from £698,794 to £524,047.

The chairman warned in his interim report that current high interest rates on additional borrowings required for a development programme together with a policy of charging interest to profit and loss account might have some effect on full-year figures.

The dividend is raised from 1.788p to 1.967p net and a one-for-one scrip issue is proposed.

After a lower tax charge of £275,020 (£359,769) stated earnings per 20p share are down from 6.669p to 4.09p.

A revaluation of properties at the year-end has thrown up a surplus of £7.22m which has been incorporated into the financial statements. But a valuation of dealing properties, which exceeded book value by £796,145, has not been incorporated.

Arrangements have been concluded to extend the leaseholds of two properties. This has resulted in an additional value of £610,000

Lincroft Kilgour slumps midway

REFLECTING the severe recession in the textile industry, pre-tax profits of The Lincroft Kilgour Group, cloth merchant and menswear manufacturer, plunged to £23,943 in the six months to March 31, 1980, compared with £261,259.

In the light of these results and trading generally since the end of the half-year, the board is omitting payment of an interim dividend.

The recession has deepened further since the end of March, not only at home but also in the important Far East markets, states Mr. Anthony Holland, the chairman. Unless there is an unexpected upturn in sales, payment of a dividend for the full year must depend on prospects for 1980-81 and the benefits flowing from the various economies now being made throughout the group.

Output capacity is being cut back to levels in accord with the present depressed state of trade, the chairman adds. This has already involved many redundancies and more are presently being discussed with the unions.

Stock commitments, particularly in the cloth merchanting division, are being reduced to match the expected volume of sales, although previous experience has shown it is prudent to maintain adequate stocks to meet any sudden increase in demand.

In the last full year, pre-tax profits were down from £875,170 to £434,696 and total dividends of 4.05p net were paid.

Turnover in the six months fell slightly from £7.1m to £6.93m, and the surplus is struck after charging consolidation exchange losses of £13,438 (£85,970).

After tax of £19,438 (£114,536) and minorities £4,194 (£6,391), earnings per 10p share are shown as 0.01p (2.93p). An extraordinary debit this time of £6,432 leaves the attributable loss at £6,121, against profits of £140,232.

Strong sterling hits Rothmans

DESPITE AN increased volume of business, the strength of sterling affected the results of Rothmans International in the year to March 31, 1980, and pre-tax profits were down from £98.2m to £80.5m.

Sales revenue amounted to £2.48bn against £2.36bn including VAT, tobacco duties, end-product tax and all other State taxes where applicable. Excluding these items net sales revenue was £981.8m compared with £933.2m.

A final dividend of 2.11p lifts the year's total from 2.45p to 3.11p. Basic earnings per share are stated as 21.1p against 30.6p and fully diluted as 14.9p (19.5p).

Current cost accounts have been prepared and show pre-tax profits of £67.9m and attributable profits of £25.2m compared with the historical figure of £33m (£47.9m).

Profits of overseas member companies and associates expressed in the relevant currencies were higher overall than the corresponding results of the previous year but showed a significant reduction on translation to sterling at the year-end rates of exchange, the directors say.

The net impact on the group's export earnings, a high proportion of which is derived in U.S. dollars or related currencies, was substantially greater and the reduction in group profits attributable to these two factors was in excess of £20m.

The strengthening of sterling over the year likewise had a significant impact on the sales revenue and profits of Alfred Dunhill, the major part of whose busines in luxury consumer products is also conducted in foreign currencies. This was compensated to some extent by higher earnings from the Canadian brewing interests.

Results include a full year's earnings from Rothmans of Pall Mall Canada and its subsidiaries. The comparative figures include the earnings of the Canadian interests for the period from June 20, 1978, the date of acquisition.

The total volume of cigarette sales by the group again exceeded the comparable level of the previous year. Continued progress was made by the international brands with further advances in sales in the UK and France.

Exports from the UK and other European sources were also increased but growth was impeded by generally unsettled trading conditions, notably in the Middle East. Associated companies and licensed manufacturers also contributed to a higher volume of sales world wide, the Board adds.

An analysis of sales revenue and operating profit shows tobacco contributed £2.22bn (£2.17bn) and £84.1m (£97.6m); luxury consumer products £88m (£65m) and £6.9m (£10.8m); brewing, £181m (£125m) and £9.5m (£6.1m) and energy, £4m (£2m) and £1.8m (£1.2m).

	Year 31.3.80 £m	Year 31.3.79 £m
Sales revenue	2,475.2	2,384.2
Operating profit	102.3	115.7
Net interest	18.1	11.1
Associates profit	10.2	8.0
Conv. Bonds interest	13.9	14.4
Profit before tax	80.5	98.2
UK tax	1.3	3.8
Overseas tax	28.8	31.7
Associates' tax	3.2	2.7
Net profit	47.2	59.9
Minorities	14.2	12.6
Attributable	33.0	47.3

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Courts (Furnishers) pays more

REPORTED profits before tax of Courts (Furnishers) were down from £5.81m to £5.36m in the year ended March 31, 1980 after a transfer to deferred profit caused by increased hire purchase balances. Total deferred profits now amount to £11m and will flow into profits in future years, the directors say.

Stated earnings per share are 13.9p against 13.8p and a final dividend of 1.95p effectively lifts the total from 3.135p to 3.7p.

On the current year, the directors say that although overseas turnover and profits have generally proved satisfactory, UK trading conditions so far have not been good and a reduction in first half profits must be likely.

However, the group is expanding and since the start of the current year, a new store has been acquired in Guernsey and an additional unit opened in Singapore. One store has been opened in Australia and one closed and in the coming weeks, three stores are due to open in the UK with three due to be closed.

Other overseas expansion is also planned for the current year, the Board adds.

	Year 1979-80 £000	1978-79 £000
Turnover*	55,627	49,087
Trading profit	7,335	7,022
Depreciation and int.	1,538	1,247
Deferred profit	439	†39
Profit before tax	5,358	5,814
UK overseas tax	2,218	2,684
Net profit	3,140	3,130
Minorities	164	192
Available	2,976	2,938
Dividends	809	696
Retained	2,167	2,242

* Including VAT. † To deferred profit.

Bromsgrove Castings ahead

Pre-tax profits of Bromsgrove Casting and Machines, manufacturer of aluminium and non-ferrous castings, increased from £299,138 to £356,089 in the year to March 31, 1980. Turnover was £3.73m against £3.33m.

There was a tax charge of £200,000 compared with £172,000, and stated earnings per 5p share are 9.8p (7.9p). The final dividend is raised from 2.6p to 3p for a total of 4p (3.5p).

Wrighton slips to £0.21m

THOUGH turnover increased from £8.98m to £10.02m, pre-tax profits of F. Wrighton and Sons (Associated Companies), the furniture maker, fell from £0.49m to £0.21m in the year to March 31, 1980. At halfway the company reported profits of £60,000 against £188,000 last year.

Taxation took £24,000 compared with £280,000, leaving an attributable balance of £182,000 (£211,000). Revenue reserves at March 31 stood at £2.2m against £2.07m.

The *dividend for* the year is held at 1.083p, and earnings per 10p share are given as 3.94p (4.58p).

Birmingham Mint expands

Taxable profits of The Birmingham Mint for the year to March 29, 1980, rose by £221,000 to £911,000.

At the half-way stage there was a surplus of £401,000 (£266,000) and with order books for minting holding up well, the Board forecast a satisfactory result for the full year.

Turnover for the 12 months showed a slight increase at £10.82m (£10.59m). After tax of £191,000 (£112,000) earnings per 25p share are given as 35.8p (28.7p).

There was an extraordinary debit of £75,000 (credit £172,000).

A final dividend of 7p brings the total up to 10p, compared to 7.5p.

The Board says it is unusually difficult at present to predict *trading conditions*, but *so far as* can be seen the current year should be reasonably satisfactory.

During 1979 the company, which mints coins and medallions and produces nameplates, buttons and badges, embarked on a £1.5m programme of capital expenditure in the currency division.

The programme should be completed this year and will improve productivity and provide substantial additional capacity.

Despite this expenditure, the balance sheet continues to show sufficient liquid funds to take advantage of further opportunities for expansion, the company says.

A profit-sharing scheme is being proposed which will enable employees to acquire shares in the company.

The subsidiary which manufactures nameplates and trim was severely affected by the reduced activity of the UK domestic appliance industry and has been closed since the year-end. The costs of the closure were provided as the extraordinary item in the accounts.

Good profit increases over the past year were achieved in the coinage, pressings, badges and precious metals *divisions*.

Kelvin Watson at £0.7m

DESPITE SLIPPING £7,509 to £391,092 in the second half, R. Kelvin Watson, the Manchester optician, reports pre-tax profits up from £678,572 to £702,040 in the full year to March 31, 1980. Turnover improved from £4.36m to £5.09m.

Although results at the half-way stage showed a further increase in profits, the chairman said at the time that they were below forecast principally because the company was unable to budget for the increase in VAT. He expected a satisfactory second half.

After tax for the year virtually unchanged at £237,095 (£238,367), stated earnings per 10p share are 14.9p compared with 14.67p, and the final dividend is raised from 1.79p to 2p for a total of 3.3p (3p).

Euston Centre close to £3m

An increase in pre-tax revenue from £2.76m to £2.98m is reported by Euston Centre Properties, the investment company, for the year to March 31, 1980. At halfway the company reported pre-tax revenue of £1.44m (£1.33m).

Corporation tax for the year took £1.57m (£1.19m), leaving net revenue of £1.41m (£1.57m). With a balance brought forward of £16,764 (£24,668), the sum available for appropriation is £1.43m (£1.6m).

After payment of dividends of £1.4m (£1.58m) unappropriated revenue carried forward is £26,428 (£16,764). The company is jointly controlled by Stock Conversion and Investment Trust and George Wimpey and Company.

Assoc. Fisheries lower so far

DESPITE sharply reduced losses from fishing operations, pre-tax profits of Associated Fisheries fell from £729,000 to £698,000 for the six months to March 31, 1980. The fishing losses amounted to £38,000 compared with £269,000.

The pre-tax figure was struck after interest and unallocated expenses of £564,000 (£464,000) and included exceptional credits of £157,000 (£389,000) and associates loss of £55,000 (£188,000).

After tax down from £370,000 to £285,000, stated earnings per 25p share are 1.91p (2.05p), and the interim dividend is unchanged at 0.25p—last year's total was 1p from pre-tax profits of £1.94m.

Turnover in the first half improved from £35.11m to £35.39m, and this resulted in a trading profit of £1.1m. Apart from the loss by the fishing division food processing and trading made a trading profit of £274,000 (£577,000), cold storage £653,000 (£571,000), transport and warehousing £130,000 (£57,000) and engineering £61,000 (£56,000).

In fishing, the company's selective operational policy, and the results of last winter's mackerel fishing, achieved a considerable reduction in the trading loss, but the outcome of this year as a whole is bound to be influenced by the continuing impact of restricted fishing quotas and increasing costs, particularly of fuel oil, says the chairman.

Three more ships have been sold since his last report, and the fleet now consists of 47 vessels.

In food processing and trading, weaker demand in the catering sector reduced the sales of trading and processing companies. Profit margins have been narrowed by inflation and high interest rates. An unprecedented supply of scampi drastically reduced the market value of stock built up by the scampi processing business to meet off-season requirements, and the trading profit includes a substantial provision on this account.

Bristol Post up to £2.41m

PRE-TAX profits of the Bristol Evening Post, the newspaper group, advanced from £1.68m to £2.41m in the year to March 31, 1980. At the interim stage the company reported profits of £1.36m against £1.15m previously.

Turnover for the year rose from £21.23m to £26.02m, the taxation charge was £1.2m (£0.88m).

Profit is stated after an extraordinary charge of £0.21m (£0.4m), principally the writing-off of goodwill on the purchase of businesses.

The final dividend is lifted from 4.75p to 6.5p, making a total of 9.75p (7.75p). Stated earnings per 25p share are 22.47p (18.82p).

Scot. Widows bonus rates

Higher rates of terminal bonus over the short and medium term have been declared by the Scottish Widows' Fund and Life Assurance Society. The bonuses are paid on death or maturity claims and the new rates will apply over the second half of this year.

The company operates a complex system depending on the year in which the policy was taken out or commenced to share in the profits.

The new bonus scale varies from 5 per cent of the sum assured and attaching reversionary bonuses, for entry in 1976, to 43 per cent for 1940 or earlier. The previous scale varied from 1¼ per cent for 1975 policies to 43 per cent for 1940 or earlier.

The largest increases occur over the entry years 1970 to 1975, reflecting the capital appreciation on investments made in the past few years.

The latest changes will make the company a better life company for all terms.

INVESTORS CAPITAL TRUST

An advance from £1.93m to £2.26m in gross revenue is reported by Investors Capital Trust for the six months to May 31, 1980.

Stated earnings per 25p share are up from 1.23p to 1.72p, and the net asset value per share is shown at 105.5p (104.7p). The interim dividend is raised from 1.15p to 1.5p and, on present estimates, the board expects to recommend a final of at least 1.5p

SCOTT AND ROBERTSON

An agency report in these columns yesterday stating that the cost to Scott and Robertson of closing Tay Textiles and most of the Bower works together with rationalisation of the remaining spinning and weaving units would be heavy and would seriously affect results in the short term, was incorrect.

The report should have said that Tay Textiles is to close its Dura works and all but a small department of its Bower works. These represent two of the smaller units in Tay Textiles, and production of the other factories will be maintained and in some cases even expanded.

Yearling rate falls further

The interest rate on this week's issue of yearling bonds is 13¼ per cent, down one point from last week and a new low rate for 1980. Issued at par, they are redeemable on July 15, 1981.

The issues are Preston BC (£0.5m); Stevenage DC (£1.5m); City of Stoke-on-Trent (£1.5m); Merseyside CC (£0.5m); West Derbyshire DC (£0.5m); City of Bristol (£1.5m); Strathclyde RC (£1m); Shepway DC (£0.5m); Wakefield Metropolitan DC (£0.5m); Kennet DC (£0.25m); Warrington BC (£1m); Greater London Council (£2.5m); Walsall Metropolitan BC (£1m).

Halton BC is raising £0.5m by way of 13¾ per cent two-year bonds, redeemable at par on July 7, 1982.

Union Oil leads six British companies seeking N. Sea licence

A GROUP of six British institutions has joined a consortium led by Union Oil to apply for a licence in the forthcoming seventh round of North Sea oil licensing.

The institutions have formed a company called Pentland Oil Exploration, which will participate in the group with Union and five other organisations. Pentland's shareholders are Bank of Scotland and its subsidiary, British Linen Bank—Barnard Enterprises, a subsidiary of Prudential Assurance—CIN Industrial Investments, a subsidiary of the NCB Pension Funds—Scottish Provident Institution—and a subsidiary of Trusthouse Forte.

Each shareholder has taken a 20 per cent stake except Bank of Scotland and British Linen, which hold 10 per cent each. British Linen was responsible for the formation of the group and has been appointed Managers and Secretaries.

Pentland is expected to have a stake of slightly under 20 per cent in the Union group, but the other members of the consortium are not yet known. Pentland's authorised share capital is £3m, of which £20,000 has been issued as fully paid ordinary shares of £1 each.

The Union group is examining applications for blocks over a wide area between the northern reaches of the North Sea and the Channel. It is not, however, considering applications west of the Shetland Isles.

SPAIN

July 8	Price %	+ or −
Banco Bilbao	224	−2
Banco Central	250	−3
Banco Exterior	212	
Banco Hispano	226	−2
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	277	−3
Banco Urquijo	155	
Banco Vizcaya	233	−4
Banco Zaragoza	208	+2
Dragados	80	−1
Espanola Zinc	80	
Fecsa	69.2	
Gal. Preciados	24.5	−0.5
Hidrola	63.7	−1.3
Iberduero	61.7	+0.7
Petroleos	107.7	+0.7
Petroliber	87	
Sonefisa	107	
Telefonica	62	
Union Elect.	55	+0.5

R. W. Toothill £7,000 loss

An after-tax loss of £6,998 is reported by R. W. Toothill, furniture manufacturer, for the year to March 31, 1980, compared with a profit of £39,684 last year. Turnover was down slightly from £3m to £2.98m. At halfway the company reported net profits of £2,689.

Depreciation accounted for £73,676 (£92,712) and the loss is also struck after an exceptional release of £50,715 (nil) and a tax credit of £59,161 (£32,438 charge).

There is no dividend for the year, compared with a total last time of 2.625p, and the stated loss per 25p share is 8.04p (5.67p earnings).

The board says that in the final quarter the company experienced some of the worst trading conditions in memory, with margins coming under severe pressure both from intense competition and increasing costs of manufacture.

Despite the continuing recessionary climate the board is confident that the strong balance sheet gives the company sufficient resources to weather the storm. The longer-term objective of an increased market share is still being pursued.

The first quarter has shown net losses of a manageable size and the board feels it would be foolish to express optimism about the immediate future.

JAMES FINLAY

Bricomin Investments has disposed of 1.16m ordinary of James Finlay and Co., reducing its holding to 1.9m (4.97 per cent).

EUROPEAN OPTIONS EXCHANGE

Series		July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
AKZ C	F.22.50	55	0.90	—	—	1	2.80	F.22.90
AKZ C	F.25	—	—	20	0.20	5	1.40	"
AKZ C	F.27.50	—	—	19	0.40	—	—	"
AKZ P	F.22.50	5	0.20	10	0.50	—	—	"
AKZ P	F.25	7	2	—	—	—	—	"
EK C	$60	—	—	10	2⅝	—	—	$60⅝
HEI C	F.60	11	0.50	84	3	11	5.50	F.58.70
HEI C	F.65	—	—	1	1.90	—	—	"
HEI P	F.55	—	—	—	—	5	2.70	"
HEI P	F.70	—	—	—	—	5	15	"
HEN C	F.52	18	6.60	—	—	—	—	
HEN C	F.56	2	4	—	—	—	—	
HO C	F.17.50	—	—	—	—	10	1.60	F.17.00
IBM C	$50	44	12	—	—	—	—	$62
IBM C	$55	—	—	5	7⅝	—	—	"
IBM C	$60	—	—	100	4⅛	—	—	"
KLM C	F.60	60	4	17	6.10	—	—	F.64
KLM C	F.70	—	—	10	2.30	5	3.50	"
KLM C	F.80	—	—	4	0.90	—	—	"
KLM P	F.60	13	0.40	17	2.50	—	—	"
KLM P	F.70	25	6.30	10	10	—	—	"
KLM P	F.80	1	16	5	18	—	—	"
NAT C	F.104.50	—	—	8	9.50	—	—	F.111.50
NAT C	F.109.10	11	2.80	5	0	—	—	"
NN C	F.120	—	—	—	—	15	2.80	
PET C	F.52.00	10	5	—	—	—	—	F.51.00
PHI C	F.17.50	—	—	—	—	30	1.70	F.18.10
PHI P	F.17.50	—	—	—	—	10	0.60	"
PRD C	$26	—	—	—	—	2	2⅛	$24⅝
PSA C	F.240	—	—	4	5	—	—	F.217
RD C	F.150	2	16	25	16	—	—	F.158
RD C	F.160	229	3.10	70	10.10	16	11.70	"
RD C	F.170	67	0.60	142	4	21	6.20	"
RD P	F.140	—	—	15	0.60	—	—	"
RD P	F.145	—	—	19	0.70	—	—	"
RD P	F.150	—	—	53	1.20	32	2.30	"
RD P	F.160	23	0.10	40	4	14	5.50	"
RD P	F.170	24	2.70	14	8.80	—	—	"
UNI C	F.105	—	—	5	17.60	—	—	F.122.30
UNI C	F.115	1	7	2	6	—	—	"
UNI C	F.120	187	2.50	51	4.10	35	5.50	"
UNI C	F.125	3	0.50	—	—	—	—	"
UNI P	F.105	—	—	100	0.40	—	—	"
UNI P	F.120	—	—	61	2	—	—	"
		Aug.		Nov.		Feb.		
BA C	$30	—	—	—	—	5	3¾	$32
MMW C	DM.120	—	—	2	6.50	—	—	DM127.8
MMW C	DM.150	—	—	—	—	10	6.50	"
SIE C	DM.270.50	—	—	3	16	—	—	DM261
SIE C	DM.280.50	—	—	5	8	2	10	"
SLB C	$110	1	10⅛	—	—	—	—	$118
VW C	DM.170	—	—	10	7.60	—	—	DM176.8
VW C	DM.160	—	—	—	—	5	9	"
		Sept.		Dec.		Mar.		
GM C	$50	—	—	10	2⅞	—	—	$48⅛

TOTAL VOLUME IN CONTRACTS 1977

C=Call P=Put

CURRENCIES, MONEY and GOLD

Dollar steady

The dollar finished near to its best level of the day in currency markets yesterday, but only after receiving widespread support from major central banks. The dollar's undertone remained soft, with expectations of lower interest rates prompting further switching out of the U.S. unit. A continued fall in U.S. money supply figures gave rise to speculation that the Federal funds target rate may be reduced after today's meeting of the Federal open market committee. But more widespread selling may have been deterred by determined central bank support. Against the D-mark the dollar closed at DM 1.7405 against DM 1.7385 on Monday, and SwFr 1.5915 against SwFr 1.5875 in terms of the Swiss franc. The Japanese yen was also weaker, with the dollar closing at Y219.05 against Y217.85.

On Bank of England figures, its trade weighted index remained at 82.8.

Sterling was unchanged on a trade weighted basis at 74.4, but was firmer earlier in the day. This was reflected in earlier calculations of its movement against a basket of currencies, with a morning figure of 74.6, and 74.5 at noon. Against the dollar it opened at $2.3810-$2.3820 and dipped to $2.3790 before coming back to $2.3825 at noon. However it lost a cent soon after mid-day to $2.3725, but recovered on a softer trend in the dollar to $2.3775. Towards the close of trading the dollar received further support and the pound came back to finish at $2.3730-$2.3740, a fall of 90 points. The latest set of UK banking figures appeared to have little effect on trading.

D-MARK — Slightly weaker within the European Monetary System recently, but showing a firmer tendency against the dollar following a sharp narrowing of Euro-currency rate differentials — The Bundesbank bought a nominal $7.45m at yesterday's fixing in Frankfurt, when the dollar was fixed at DM 1.7327, its lowest fixing level since mid-February, and compared with Monday's figure of DM 1.7445. There may also have been support for the U.S. unit when it touched a low of DM 1.7305. Trading was nervous ahead of today's meeting of the U.S. Federal open market committee, after which a further easing in U.S. interest rates is generally anticipated.

Confirmation of preliminary indications on the West German cost of living index appeared to have little effect on the market. The figures showed a year on year inflation rate of 6.0 per cent compared with 6.0 per cent in May and 5.8 per cent in April.

ITALIAN LIRA—Still the weakest currency within the EMS, but showing a steadier tendency following last week's economic support package—The lira showed mixed changes at yesterday's fixing in Milan, with the dollar easing to L828.30 from L834.05, and sterling rising to L1,971.75 from L1,968.10. The D-mark slipped to L477.98 from L478.05, and the French franc was lower at L205.90 against L206.03, but the Swiss franc rose from L521.24 to L522.10.

DANISH KRONE—Showing a steadier tendency within the EMS recently, having suffered two devaluations in 1979—The Danish krone was slightly weaker overall in Copenhagen yesterday. The Deutsche Mark was fixed higher at DKr 3.1015 against DKr 3.1005, while the French franc rose to DKr 1.3360 from DKr 1.3345. Sterling was firm at DKr 12.7970 against DKr 12.7620, but the dollar slipped to DKr 5.3760 from DKr 5.4060 on Monday.

THE POUND SPOT AND FORWARD

July 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3710-2.3855	2.3730-2.3740	1.67-1.57c pm	8.19	3.67-3.57pm	0.10
Canada	2.7075-2.7255	2.7130-2.7140	1.40-1.30c pm	5.97	3.25-3.15 pm	4.72
Nethlnd.	4.50½-4.54½	4.51½-4.52½	2⅞-1⅞c pm	6.30	6¼-5¼ pm	4.98
Belgium	65.80-66.50	66.00-66.10	20-10c pm	2.72	41-31 pm	2.10
Denmark	12.74-12.82	12.79-12.80	par-1¾ore dis	−0.82	7¾-9¼ dis	−2.58
Ireland	1.0955-1.1015	1.0970-1.0980	0.07-0.03p pm	0.55	0.32-0.27pm	1.07
W. Ger.	4.10½-4.14½	4.12¾-4.13¾	3½-2½pf pm	7.62	6⅞-5⅞ pm	6.17
Portugal	115.00-116.00	115.05-115.25	5c pm-20 dis	−0.78	10pm-90dis	−1.39
Spain	166.60-167.35	166.60-166.70	60-115c dis	−6.30	265-335 dis	−7.20
Italy	1966-1977	1966½-1967½	11-14lire dis	−7.62	36-39 dis	−7.62
Norway	11.37-11.44	11.38¾-11.39¾	7¼-5¾ore pm	6.78	15½-13½ore	5.09
France	9.55-9.61	9.58-9.59	4¼-3¼c pm	4.69	9-8 pm	3.55
Sweden	9.74-9.79	9.75½-9.76½	3½-2½ore pm	3.23	3¾-2¾ pm	1.33
Japan	515-522	519½-520½	1.95-1.85y pm	4.15	4.05-3.70 pm	2.98
Austria	29.20-29.40	29.28-29.33	17-13gro pm	6.14	38-31 pm	4.71
Switz.	3.76-3.79	3.77½-3.78½	4⅛-3⅛c pm	11.90	10¼-9¼ pm	10.45

Belgian rate is for convertible francs. Financial franc 66.40-66.50. Six-month forward dollar 5.83-5.73c pm. 12-month 9.00-7.90c pm.

THE DOLLAR SPOT AND FORWARD

July 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3710-2.3855	2.3730-2.3740	1.67-1.57c pm	8.10	3.67-3.57pm	6.10
Ireland†	2.1630-2.1675	2.1635-2.1655	1.60-1.50c pm	8.58	4.00-3.90 pm	7.29
Canada	1.1414-1.1435	1.1432-1.1435	0.22-0.28c dis	−2.68	0.48-0.53dis	−1.77
Nethlnd.	1.8985-1.9030	1.9015-1.9030	0.20-0.30c dis	−1.58	0.35-0.45dis	−0.84
Belgium	27.79-27.85	27.83-27.85	10-11½c dis	−4.84	24½-27 dis	−3.70
Denmark	5.3640-5.3760	5.3735-5.3750	3.80-4.30ore dis	−9.04	11.35-11.85d	−8.63
W. Ger.	1.7300-1.7410	1.7400-1.7410	0.02-0.12pf dis	−0.48	0.10pm-par	0.11
Portugal	48.48-48.63	48.53-48.63	30-40c dis	−8.66	70-110 dis	−1.42
Spain	70.22-70.35	70.25-70.29	80-100c dis	−15.37	220-250dis	−13.38
Italy	828.00-829.30	828.00-828.40	11-14lire dis	−18.11	29-33 dis	−14.97
Norway	4.7820-4.7985	4.7970-4.7985	0.65-1.15ore dis	−2.25	1.25-1.75dis	−1.25
France	4.0215-4.0300	4.0280-4.0300	1.03-1.13c dis	−3.22	2.65-2.85dis	−2.73
Sweden	4.1045-4.1120	4.1110-4.1120	1.75-1.90ore dis	−5.33	5.05-5.20dis	−4.99
Japan	217.80-219.10	219.00-219.10	0.70-0.85y dis	−4.24	1.70-1.85dis	−3.24
Austria	12.30¼-12.34	12.33-12.34	1.90-2.50gro dis	−2.14	3.75-5.50dis	−1.50
Switz.	1.5810-1.5920	1.5910-1.5920	0.57-0.47c pm	3.92	1.73-1.63 pm	4.22

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 8	Bank of England Index	Morgan Guaranty Changes%
Sterling	74.4	−32.0
U.S. dollar	82.8	−10.8
Canadian dollar	89.0	−15.8
Austrian schilling	158.5	+25.1
Belgian franc	116.3	+14.3
Danish kroner	108.2	−3.3
Deutsche mark	166.6	+44.0
Swiss franc	202.0	+81.8
Guilder	126.3	+20.2
French franc	102.6	−6.6
Lira	53.1	−51.3
Yen	128.9	+26.9

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

July 7	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	18	0.562695	0.610030
U.S. $	11	1.32808	1.43961
Canadian $	10.63	1.51686	1.64234
Austria Sch.	6¾	16.4663	17.8713
Belgian F	13	37.1314	40.2847
Danish K	13	7.17463	7.77083
D'Mark	7½	2.31873	2.51338
Guilder	9½	2.53718	2.75034
French Fr.	9½	5.37640	5.83145
Lira	15	Unavail.	1200.35
Yen	9	291.833	314.418
Norwgn. Kr.	9	6.39006	6.93699
Spanish Pts.	8	93.2615	101.020
Swedish Kr.	10	5.48871	5.94301
Swiss Fr.	6	2.19310	2.30566

OTHER CURRENCIES

July 8	£	$		£ Note Rates
Argentina Peso	4411-4431	1858-1863	Austria	32.10-33.40
Australia Dollar	2.0475-2.0513	0.8620-0.8625	Belgium	66.05-66.65
Brazil Cruzeiro	126.50-124.50	53.115-52.316	Denmark	12.70-12.80
Finland Markka	8.52-8.66	3.5980-3.5970	France	9.53-9.59
Greek Drachma	100.883-103.225	42.35-42.60	Germany	4.10½-4.13½
Hong Kong Dollar	11.68¼-11.68¾	4.9110-4.9130	Italy	1920-1980
Iran Rial	n a	n a	Japan	519-524
Kuwait Dinar(KD)	0.631-0.637	0.2661-0.2669	Netherlands	4.50-4.53
Luxembourg Frc.	66.00-66.10	27.83-27.88	Norway	11.32-11.40
Malaysia Dollar	5.0790-5.0820	2.1365-2.1375	Portugal	111-117
New Zealand Dlr.	2.3970-2.4020	1.0090-1.0100	Spain	161-167¾
Saudi Arab. Riyal	7.87-7.90	3.3190-3.3220	Sweden	9.70-9.80
Singapore Dollar	5.0070-5.0170	2.1090-2.1110	Switzerland	3.75½-3.78½
Sth. African Rand	1.8170-1.8180	0.7655-0.7660	United States	2.37-2.38
U.A.E. Dirham	8.77-8.83	3.6970-3.7000	Yugoslavia	61¾-66¼

Rate given for Argentina is free rate

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.2965	+1.27	+0.83	±1.53
Danish Krone	7.72336	7.78544	+0.80	+0.18	±1.64
German D-Mark	2.48208	2.51358	+1.27	+0.63	±1.125
French Franc	5.84700	5.83583	−0.19	−0.83	±1.3557
Dutch Guilder	2.74362	2.75468	+0.40	−0.24	±1.512
Irish Punt	0.668201	0.668783	+0.09	−0.55	±1.668
Italian Lira	1157.79	1192.60	+3.01	+3.01	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 8	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.374	4.133	520.0	9.585	3.780	4.820	1967.	2.714	66.05
U.S. Dollar	0.421	1.	1.741	219.1	4.038	1.593	1.903	828.7	1.143	27.83
Deutschemark	0.242	0.574	1.	125.8	2.319	0.918	1.094	476.0	0.657	16.98
Japanese Yen 1,000	1.923	4.564	7.947	1000.	18.43	7.268	8.602	3783.	5.218	127.0
French Franc 10	1.043	2.476	4.311	542.5	10.	3.944	4.716	2052.	2.831	68.91
Swiss Franc	0.265	0.628	1.093	137.6	2.535	1.	1.195	520.4	0.718	17.47
Dutch Guilder	0.221	0.525	0.914	115.0	2.121	0.836	1.	435.2	0.600	14.61
Italian Lira 1,000	0.508	1.207	2.101	264.4	4.873	1.922	2.298	1000.	1.380	33.58
Canadian Dollar	0.369	0.875	1.523	191.6	3.532	1.393	1.666	724.2	1.	24.34
Belgian Franc 100	1.514	3.593	6.237	787.3	14.51	5.723	6.843	2978.	4.106	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 8)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 5/16	offer 9 7/16	bid 9 1/4	offer 9 3/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

July 8	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	18¼-18½	8⅜-8⅝	10-11	10⅜-10⅝	2-2½	9 5/16-9 7/16	12-12¼	10-17	2-9½	16-16½
7 days' notice	17½-17¾	8⅝-8⅞	10½-12½	10⅜-10⅝	3½-3¾	9¾-9⅞	12-12¼	11-17	9-9⅛	18⅝-18⅞
Month	16¾-17	8⅞-9⅛	11-11⅜	10⅜-10⅝	6⅛-6¼	9 1/16-9 3/16	12 1/16-12 3/16	23-27	9 1/16-9 3/16	10½-10¾
Three months	15⅝-15⅞	9 1/16-9 3/16	10¾-11⅛	10⅜-10⅝	6 1/16-5 15/16	9 1/16-9 3/16	12 1/16-12 3/16	22½-24½	9⅛-9⅜	12-12¼
Six months	14½-14¾	9¼-9½	10¼-10⅝	10⅛-10⅜	5 1/16-5 5/16	8⅞-9	12 1/16-12 5/16	21½-23½	9 1/16-9 5/16	10⅞-11⅛
One Year	13⅜-13⅝	9 7/16-9 11/16	10¼-10⅝	10⅛-10⅜	4⅞-5	8¼-8⅜	12 1/16-12 5/16	19½-21	9 7/16-9 11/16	9⅜-9⅝

Long-term Eurodollar two years 10½-10¾ per cent; three years 10⅝-10⅞ per cent; four years 10⅝-10⅞ per cent; five years 10¾-11 per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 8.90-9.00 per cent; three-months 8.95-9.05 per cent; six-months 8.90-9.00 per cent; one year 9.00-9.20 per cent.

INTERNATIONAL MONEY MARKET

European rates steady

Interest rates were mostly steady in Europe yesterday, with a continued undertone pointing towards lower levels. Call money in Frankfurt was quoted at 10.00-10.10 per cent, slightly down from Monday's figure of 10.00-10.20 per cent, while longer term money rates were unchanged. In Paris short term money remained at 12¼ per cent with period rates also static. The latest Treasury bill tender of 12-month bills gave a yield of 12.164 per cent, down from 12.402 per cent previously. The Bank of France sold FFr 2.505bn of bills, with bids totalling FFr 4.348bn.

In Singapore, the Bank of Tokyo cut its Singapore prime rate to 11¼ per cent from 11½ per cent. The rate was last cut on June 20, from 11¾ per cent to 11½ per cent.

In Amsterdam call money stood at 10⅜-10⅝ per cent, unchanged from Monday, but one-month money eased to 10¼-10½ per cent from 10⅜-10⅝ per cent. The three- and six-month rates remained at 10¼-10½ per cent.

In New York U.S. Treasury bill rates were slightly easier in early trading, after news of a 0.8 per cent increase in the June wholesale price index. 13-week bills were quoted at 8.02 per cent against 8.20 per cent and 26-week bills at 7.88 per cent compared with 8.14 per cent. Federal funds, however, were also easier, slipping to 8¼ per cent from 8⅞ per cent.

MONEY RATES

NEW YORK	
Prime Rate	11½
Fed. Funds	8¾
Treasury Bills (13-week)	8.02
Treasury Bills (26-week)	7.88
GERMANY	
Discount Rate	7.5
Overnight Rate	10.05
One month	10.0
Three months	9.925
Six months	9.35
FRANCE	
Discount Rate	9.5
Overnight Rate	12.25
One month	12.125
Three months	12.125
Six months	11.8125
JAPAN	
Discount Rate	9.0
Call (Unconditional)	12.5625
Bills Discount (three-month)	12.9375

UK MONEY MARKET

Further shortage

Bank of England Minimum Lending Rate 16 per cent (since July 3, 1980)

Day-to-day credit remained in short supply in the London money market yesterday, and the authorities gave assistance on an exceptionally large scale. This comprised small purchases of Treasury bills and local authority bills all direct from discount houses, and an extremely large amount of eligible bank bills, with the latter for resale at a fixed future date. The help was completed with large loans to five or six houses at MLR for repayment today. The market was faced with the repayment of Monday's large loans, and the unwinding of a previous sale and repurchase agreement of a very large number of eligible bank bills and local authority bills. In addition banks brought forward balances a moderate way below target.

On the other hand there was a moderate surplus of Government disbursements (including rate support grant) over revenue transfers to the Exchequer. Discount houses were paying up to 16 per cent for secured call loans for most of the day.

In the interbank market overnight money opened at 18-18¼ per cent and touched 18¼-18½ per cent before coming back to 17-17½ per cent towards mid-day. During the afternoon rates eased to 15-15½ per cent, rose briefly to 15¼-15¾ per cent and finished at 10 per cent.

GOLD

Firm trend

Gold continued to improve in the London bullion market yesterday, but finished some way below its best level. It closed at $681-684 a rise of $6 an ounce, after touching a high during the morning of $691-693. Trading was very active for most of the day, and after reaching its highest level during the morning, gold slipped back in the afternoon, soon after New York had entered the market, to a low of $680-682.

In Paris the 12½ kilo bar was fixed at FFr 88,200 per kilo ($681.14 per ounce) compared with FFr 88,200 ($682.19) in the morning, and FFr 86,500 ($664.54) on Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 38,450 per kilo ($690.03 per ounce) against DM 37,360 ($665.93) previously, and closed at $687-690 per ounce compared with $667-670.

In Zurich gold finished at $681-684 against $668-671.

	July 8		July 7	
Gold Bullion (fine ounce)				
Close	$681-684	(£286¾-288¼)	$675-678	(£283¾-285¼)
Opening	$684-687	(£286¾-288¼)	$666-669	(£280¼-281¾)
Morning fixing	$688.75	(£289.061)	$663.75	(£281.882)
Afternoon fixing	$687.50	(£289.198)	$667.50	(£282.217)
Gold Coins				
Krugerrand	$703-706	(£296-298)	$696-699	(£290½-294½)
Mapleleaf	$698-702	(£293½-296½)	$691-694	(£290-292)
New Sovereigns	$172½-174	(£72½-73½)	$171½-172½	(£72-73)
King Sovs.	$193½-195½	(£81-83)	$191-193	(£80-81)
Victoria Sovs.	$193½-195½	(£81-83)	$191-193	(£80-81)
French 20s	$172-175		$170-173	
50 pesos Mexico	$842-848		$831-835	
100 Cor. Austria	$670-675		$663-667	
$20 Eagles	$783-786		$766-770	
$10 Eagles	—		—	
$5 Eagles	—		—	

LONDON MONEY RATES

July 8 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10-18⅛	—	—	—	16	14-18	—	—	—
2 days notice	—	—	16¾-17⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17½-17¾	16¾-17¼	—	17¾	18⅛	16⅛-10	—	—	—
One month	16½-16⅝	17 5/16-17 7/16	16½-16⅞	17¼-17⅝	18 3/16	17⅞	15¾	14 3/16	16 1/16-16⅛	16⅞
Two months	16-16¼	16⅛-16¼	—	17-17½	16½	—	15-15¼	14⅝-14 11/16	15 13/16	16⅜
Three months	15⅝-15¾	15 11/16-15 13/16	15⅝-16	15⅝-16	16⅛	15¼-16½	14⅝	14 7/16-14 15/32	15 1/16-15 3/32	16⅜
Six months	14 9/16-14⅝	14 7/16-14 11/16	14⅜-15	14¼-14¾	14 7/16	15¼	—	—	13 15/32-13 17/32	14¼
Nine months	15⅛-15⅝	15⅞-14	—	14⅛-14½	14¼	14½	—	—	—	—
One Year	12 13/16-13⅛	13 1/16-15 5/16	15⅝-13⅝	13½-13¾	13⅞	14¼	—	—	—	—
Two years	—	—	13½	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 13¾-13½ per cent; four years 13¾-13½ per cent; five years 13¾-13½ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14⅞-14¾ per cent; four-month trade bills 15⅜ per cent.

Approximate selling rate for one-month Treasury bills 14 7/32-14½ per cent; two-months 14½-14 9/16 per cent; three-months 14 7/32-14 15/32 per cent. Approximate selling rates for one-month bank bills 16 3/32-16⅛ per cent; two-months 15 23/32 per cent; three-months 14 15/16-15 per cent; one-month trade bills 16⅜ per cent; two-months 16⅛ per cent and three-months 16⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17 per cent from July 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.7404 per cent.

CONTRACTS AND TENDERS

COMPANY NOTICES

BOND DRAWING

TRAVEL

RESIDENTIAL PROPERTY

PUBLIC NOTICE

NORTH AMERICAN NEWS

Recession hits CBS half-year returns

By David Lascelles in New York

CBS, the large broadcasting and publishing company, yesterday reported a sharp drop in earnings for the second quarter, but blamed it partly on special gains made in the comparable period last year.

Net income was $54.4m or $1.93 a share, down from $65.8m or $2.37 a share. Revenue was $974.3m compared to $908.7m.

This brought CBS' first-half earnings to $67.5m or $2.42 a share, down from $83.6m or $3.01. Revenue is up slightly, from $1.74bn to $1.94bn.

CBS said the 1979 second quarter reflected gains from the sale of syndication rights to feature film inventory. But it also said the quarterly decline was due to the effects of the U.S. recession on its consumer-oriented businesses.

CBS had been predicting a drop in earnings. A fortnight ago, its new president, Mr. Thomas Wyman, told analysts that the second quarter results would reflect heavy spending on technical projects and the effects of the recession. But he added: "Once the current recession is behind us, the future looks exceptionally promising."

CBS Broadcast's revenues were up 15 per cent from a year ago with the TV network, TV stations and radio divisions all contributing.

CBS Records group revenues were down 5 per cent as increased international sales were more than offset by lower domestic revenues.

Reverse for Redman Industries

By Our Financial Staff

A SHARP fall in both sales and earnings in the first quarter of the year is reported by Redman Industries, a leading producer of mobile homes and building products. Net earnings have been more than halved to $1m or 11 cents a share, while sales at $54.8m showed a fall of 24 per cent.

Redman, one of the largest builders in the U.S., earns the bulk of its profits from manufactured housing, with a substantial slice coming from building products.

Bank of America completes sale of BCCI share stake

BY STEWART FLEMING IN NEW YORK

BANK OF AMERICA, the largest U.S. bank, yesterday confirmed that it has completed the disposal of its holding in Bank of Credit and Commerce International (BCCI), the London-based bank with Middle East connections.

At one point Bank of America held 30 per cent of BCCI but it indicated two years ago that it was in the process of disposing of its stake. It agreed to dispose of its last shares in BCCI by the end of June, 1980.

There is speculation that the Bank of America move could now have implications for the long running, and at times bitterly contested, battle for control of the Washington-based Financial General Bankshares, a $2bn commercial bank which had been fighting off a take-over attempt by a group of Middle East investors, to whom BCCI is acting as adviser.

In May Financial General's Board apparently dropped its opposition to the Arab takeover of the U.S. bank by announcing that it found an increased $28.50 a share offer for the company "adequate." It was indicated that a definitive agreement with the Arab group, headed by a Saudi businessman, Sheik Kamal Adhem, might be concluded by the end of June.

In early 1978, when the Arab group first acquired its 19 per cent stake in Financial General, there were reports that BCCI was linked with the attempted acquisition as a participant. BCCI itself has consistently denied that it is involved in the takeover attempt in anything but an advisory capacity.

Before any acquisition of Financial General can be completed, however, the Federal Reserve Board and bank regulators in New York and Maryland must approve the transfer of control of what is the third largest bank holding company in Washington.

● European American Bank, the New York grouping owned by six European banks including Midland Bank of the UK, reported sharply higher second quarter earnings, David Lascelles writes. Net income was $9.8m, up 93 per cent on the $5.2m earned in the same quarter last year, and up 36 per cent on the $7.3m of this year's first quarter.

For the first six months, income was $17.3m, up 77 per cent on the same period last year.

European American is owned jointly by Midland, Deutsche Bank, Creditanstalt-Bankverein, Amro, Societe Generale de Banque and Societe Generale.

Calgary Power plans bid fight

BY ROBERT GIBBENS IN MONTREAL

CALGARY POWER, the main electrical power distributor in Alberta, says it will take legal action to fight the C$515m bid by Atco on the grounds that it does not comply with federal and Alberta law.

Atco, a major international prefabricated industrial housing builder and contract driller, has offered C$21 a share for 51 per cent of Calgary Power's shares, an offer rejected by Calgary Power's directors on Monday. Atco is controlled by the southern family of Calgary and has just bought control of Canadian Utilities, another Alberta electrical utility, and also a gas distributor.

Calgary Power says the Atco offer should be rejected because it is inadequate and is not for all issued shares. Atco would have to borrow C$1bn to finance both its acquisitions, and future cash flow, including dividends, would be insufficient to service such debt.

The bid is only C$2.50 over the market price for Calgary Power stock, and shareholders would be liable to tax. Atco has failed to reveal material facts and would bring about major changes in operations should its bid succeed, Calgary Power says.

Atco later said all the issues raised have been anticipated and resolved before the offer was made. It said its potential lenders are major Canadian institutions and the financial backing necessary came only after exhaustive study.

Peabody proposes spin-offs

BY OUR FINANCIAL STAFF

THE BOARD of Peabody International, energy and pollution control group, is studying the feasibility of restructuring the company into two separate publicly-owned companies. It said that it thinks that a spin-off of the oil field and quality assurance operations into a separate publicly-owned corporation could benefit Peabody shareholders. Accordingly, the company is exploring the feasibility of distributing the shares of the oil field-quality assurance unit to Peabody stockholders on a tax-free basis.

The shares of the newly-proposed oil field-quality assurance company would be listed on the NYSE.

The environmental operations, including air water solid wastes and international groups, would remain in the current Peabody International corporate entity.

As a result of the contemplated distribution, the holders of Peabody stock would continue to own their own shares and in addition would receive shares in the oil field-quality assurance company proportionate to their holdings of Peabody shares.

Mr. John E. McConnaughy Jr, chairman and chief executive, said the decision with regard to the spinoff would be subject to various conditions including the receipt of a tax ruling that the proposed distribution would be tax-free to shareholders.

Citibank to sell 60% of Saudi operations

By Our Financial Staff

THE SAUDI ARABIAN public is to take a 60 per cent interest in Citibank's operation in Saudi Arabia, which will become the Saudi American Bank. Citibank NA will retain 40 per cent of the operation.

The arrangement has been under negotiation since 1978 and reflects the Saudi law requiring all foreign banks to sell a minimum of 60 per cent of their stock to Saudi Arabian investors. Previously, Citibank had complete ownership of its Saudi units.

Citibank said that under the new contract, which becomes effective on Friday, Citibank would continue to manage the new company, which would become an affiliate of Citibank.

The Saudi American Bank currently has offices in Riyadh, the site of the head office, and Jeddah. A third branch in Al-Khobar in the eastern province is planned to open by the end of 1980. A network of branches in Saudi Arabia's main cities is expected to be operating within the next two or three years, the bank said.

It added that Saudi American Bank intended to maintain and expand the range of financial services previously offered by Citibank. The total share capital of Saudi American Bank is 300m Saudi riyals (about $90m).

Clash over Newfoundland plant sale

By Sue Cameron, Chemicals Correspondent

THE State-owned Petro-Canada is expected to go ahead with plans to buy the mothballed and insolvent Come by Chance refinery in Newfoundland at the end of this week.

But yesterday it was reported that the Japanese company Ataka, part of the C. Itoh group, had sought an injunction to stop the sale of the refinery to Petro-Canada. It is believed that the Federal Supreme Court at St. Johns, Newfoundland, has been asked to halt the deal until Atka has been paid its unsecured debt of $264m.

The first mortgage on the bankrupt, 100,000 barrels a day refinery, is held by a consortium of banks headed by Kleinwort Benson of the UK and backed by the UK's Export Credits Guarantee Department. They are owed C$125m. The second mortgage is held by the Newfoundland Government, which is owed C$1m. Unsecured creditors—Ataka being chief among them—are owed around C$430m.

At the end of last week a C$ 616m offer for the refinery was put in by Avalon Refining, a subsidiary of Shaheen Natural Resources, which originally built the plant. The Shaheen offer includes plans to set up a third mortgage to pay back all the unsecured creditors by assigning them 25 per cent of the Come by Chance profits—after the first and second mortgages have been paid.

Last night, Ataka's attempt to seek an injunction was being seen as a last ditch attempt to stop the Shaheen offer being turned down in favour of a full purchase contract with Petro-Canada.

Pitney Bowes faces 11 cents a share cut

By Our Financial Staff

PITNEY BOWES, the Stamford, Connecticut-based office equipment group, expects second-quarter earnings to be reduced by $1.9m or 11 cents a share because of a provision for discounted operations.

The provision is for expenses related to the phase-out of operations at the Brooklyn facility of its Grayarc subsidiary.

Progress on Alcan smelter

By James Forth in Sydney

THE CANADIAN aluminium group, Alcan has completed the first stage of a feasibility study for a proposed A$250m (US$290m) aluminium smelter at Gladstone, Queensland. Alcan Queensland Pty is now proceeding with engineering studies and final economic evaluation.

The first phase of the smelter would have capacity of almost 100,000 tonnes of aluminium a year and should be in production by late 1983. Capacity would then build up to 296,000 tonnes a year. The latest studies are expected to be completed early in 1981 when a final decision on the project would be made. The Queensland State Government has given its approval for the first stage.

If the Gladstone smelter goes ahead, its entire output would be geared for export and at full capacity should generate export sales of at least A$450m (US$523m) a year.

Two Japanese groups — Nippon Light Metal and Sumitomo Aluminium Smelting—are negotiating with Alcan on their taking an interest in the smelter

General Mills ends year with record earnings

BY DAVID LASCELLES IN NEW YORK

GENERAL MILLS, a leading factor in the package food industry, had record earnings for its fourth quarter ended May 25. Net income was $34.2m, equal to 68 cents a share, up from $30.3m or 60 cents a share in the same period last year. Revenue rose from $896.9m to $1.02bn.

These results brought full-years earnings to a peak $170m, or $3.37 a share, compared with $147m or $2.92 a share for fiscal 1979. Annual sales for 1980 totalled $4.2bn, against $3.7bn previously.

Mr. Robert Kinney, chairman, attributed the increase to higher productivity and the success of General Mills' diversification programme which had offset the economic downturn and a 25 per cent increase in interest costs.

In the fourth quarter, decisions to reduce stock levels in the face of a slowing economy had also helped earnings, he said.

Each of the groups five major industry areas — consumer foods, restaurants, creative products, fashion and specialty retailing — contributed higher sales and operating profits.

Consumer food sales rose 7.8 per cent to $2.2bn and operating profits 9 per cent to $211m. Restaurant sales rose 20.5 per cent to $526m and operating profits 27.2 per cent to $54m, partly due to the addition of 43 more premises for a total of 380.

Fashion rebounded strongly with a 17.2 per cent increase in sales to $422m and an operating profit rise of 115.3 per cent to a record $44m.

INTERNATIONAL BONDS

Euro-year issue for Ito-Yokado

BY FRANCIS GHILES

THE FIRST yen-denominated bond issue outside Japan by a Japanese company is being arranged for Ito-Yokado by Nomura Securities and Kuwait Investment Company. This Y5bn 10-year convertible issue, which will be entirely privately placed in the Middle East, carries a coupon of 7.3 per cent.

Each bond will be convertible into Ito-Yokado common stock, initially at Y1,276 per share. The bonds, which are in bearer form and come in denominations of Y200m (just below $1m), are unsecured and non-guaranteed. They are not expected to be listed on any stock exchange.

The borrower — one of the largest retailing companies in Japan — operates principally through a chain of 96 superstores, most of which are located in the Tokyo metropolitan area.

This bond represents a further development in the movement by which a greater variety of securities from Western borrowers is being placed directly with those countries which enjoy a large surplus of oil funds.

The seventh Euro-yen bond was announced yesterday. The Kingdom of Sweden is to borrow Y15bn for ten years. The coupon is expected to be 8½ per cent. This follows a recent Euro-yen bond for Finland which was priced to yield 8.37 per cent.

Trading in the dollar sector was subdued yesterday with investors apparently expressing concern at the low level of the dollar. This concern has not been translated, so far, into large selling orders.

The 10¾ per cent bond to 1987 for the City of Montreal, which started trading yesterday, was quoted at the close by the lead manager, Westdeutsche Bank, at 95½-96.

A $50m 15-year convertible for Ricoh, the Japanese camera and copier company, was launched yesterday by Morgan Stanley. Conversion premium is expected to be around 10 per cent and final terms will be set at the end of July. The company is rated single A by Standard and Poor's.

In the D-Mark foreign bond sector the DM 100m 10-year issue for Iberduero, the coupon of which was increased by ¼ per cent last week to 9 per cent, was priced at 99½ by the lead manager, Dresdner Bank, to yield 9.1 per cent.

● A record $5.7bn in public Eurobond issues was launched in the second quarter of this year, reports Kredietbank Luxembourgeoise and Credit Lyonnais.

They said 107 issues for an amount equivalent to $7.47bn were offered in the first six months of the year, compared to 144 valued at $8.2bn for all of 1979. The dollar accounted for slightly more than two-thirds and the Deutsche Mark for one-fifth the volume.

The 73 issues in the second three months, totalling $5.68bn, represented a record quarterly result.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on July 8

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	80	93¼	93¾	0	+0½	11.21
Brit. Oxygen F. 10⅜ 90	50	95	95½	0	−0⅞	11.57
CECA Grad. Rate 12 86	100	98¾	99½	0	−0⅜	11.42
CECA 11¾ 90	50	99½	100½	0	+1	11.80
CECA 11½ 88	100	100⅜	100⅞	+0⅛	+0⅜	11.38
Citicorp O/S Fin. 10 86	300	96½	97	−0⅛	+1	10.76
Continental Grp. 9⅜ 86	100	92½	93	0	−0¼	11.38
Con. Illinois O/S 9⅞ 86	150	95⅞	96⅛	0	0	10.72
Denmark 11¾ 90	100	99⅞	100⅜	0	+0⅜	11.72
Dome Petroleum 13½ 92	50	103⅞	104⅜	+0⅛	+0⅜	12.78
EEC 11 95	75	96⅜	96⅞	0	+0⅜	11.47
EIB 11⅝ 92	80	99⅜	99⅝	0	+0½	11.83
EIB 13¾ 90	100	106⅝	107⅛	+0⅛	+0⅜	12.48
Eksportfinans 11⅛ 87	50	100½	101	+0⅛	+0½	11.05
Eksportfinans 9½ 87	75	94⅝	95⅛	0	0	10.57
Elec. de France 10 88	125	96¾	97¼	+0⅛	+0⅜	10.57
Export Dv. Cpn. 9⅞ 84	150	97	97½	+0⅛	+0⅛	10.58
Export Dv. Cpn. 12¾ 87	100	107⅛	107⅝	+0¼	+2	11.14
Export Dev. Cpn. 9½ 86	150	96⅝	97⅛	0	0	10.24
Federal Dev. Bk. 12⅜ 85	75	104⅛	104⅝	0	+0⅜	11.02
Fin. Exp. Credit 10½ 85	50	98⅞	99¼	+0⅛	+0⅛	10.77
Finland, Rep. of 9½ 86	100	93⅜	93⅞	−0⅛	+0⅛	11.04
Ford O/S Fin. 12⅜ 85	250	100⅞	100¼	−0⅛	+0⅜	12.46
George Weston 13½ 87	30	102⅞	102⅜	0	+0⅜	12.91
GMAC 9⅜ 86	100	93⅜	93⅞	0	+0⅜	10.75
GMAC O/S Fin. 11 84	100	99¾	100⅛	+0⅛	+0⅜	10.92
GMAC O/S Fin. 13⅞ 85	100	106	106½	+0⅛	+0⅞	11.56
Goodyear O/S 12½ 87	75	99⅜	99⅞	+0⅛	+1	12.57
Hudson's Bay 11⅛ 90	75	98⅜	98⅜	+0⅛	+1⅜	11.67
IBM Canada 10⅛ 85	50	100⅞	100¼	0	+0⅜	10.38
ICI Fin. Ned. 11 83	100	100⅝	101⅛	+0⅛	+0⅜	10.61
McGraw 13½ 85	75	102½	103	+0⅛	+0⅜	12.67
Norwest Ind. 13⅝ 87	50	101⅜	101⅞	0	+0½	13.22
Pembroke Capital 9⅜ 87	100	95⅜	95⅞	+0⅛	+0⅛	10.54
Pemex 11½ 88	100	98⅜	98⅞	0	+0⅜	11.77
Quebec Hydro 11⅛ 92	100	97¾	98¼	+0⅛	+0⅛	11.91
Roylease Ltd. 11⅛ 85	50	100⅜	101⅛	+0⅛	+0½	10.97
SNCF 12⅜ 85	50	104⅜	105⅛	+0⅛	+0⅛	11.00
Swed. Ex. Cred. 12½ 85	40	103⅜	103⅞	+0⅛	+0½	11.45
Sweden 8¾ 84	100	97¼	97¾	0	+0⅜	10.52
World Bank 9¾ 85	200	98⅛	98⅜	+0⅛	+0⅛	10.14
World Bank 10⅛ 87	300	98⅜	98⅞	0	0	10.53

Average price changes... On day 0 on week +0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 9 90	125	102⅞	103⅛	+0⅛	+0½	8.57
Australia 8¾ 90	250	101⅞	102⅜	0	−0⅛	7.77
BFCE 7¾ 87	100	99¼	100	+0⅛	+0½	7.81
BFCE 8⅛ 95	100	99⅜	100⅛	+0⅛	+0⅛	8.15
Brazil 8 87	150	93⅝	94⅜	0	+0¼	9.19
CECA 7 91	150	92¾	93½	+0⅛	+0⅛	7.97
Council of Eur. 7¾ 89	100	94⅞	95⅜	+0¼	+0⅛	8.02
Denmark 7⅞ 86	100	97¾	98¼	+0⅛	0	8.26
Denmark 8¾ 92	100	98⅜	99¼	0	−0⅛	8.34
EEC 7⅞ 94	225	98¼	99	+0⅛	0	8.03
EIB 7½ 89	200	95⅝	96⅜	0	−0⅛	8.10
Finland Rep. of 8 86	150	98⅞	99⅜	0	−0¼	8.14
Kobe, City of 7⅛ 89	150	95⅛	95⅞	+0¼	−0⅞	7.82
Kobe, City of 8 90	100	100⅛	100⅞	0	0	7.92
Mt. Bk. Denmark 8⅛ 90	150	99⅜	100½	+0⅛	+0½	8.50
Norway 7½ 85	250	99⅜	100	+0⅛	−0¼	7.58
OKB 7⅞ 89	100	96⅞	96⅞	0	+0⅜	7.92
Oslo, City of 8¾ 90	80	102	102½	0	0	8.39
Sweden 9¾ 87	200	106⅞	107⅛	0	+0¼	8.29
World Bank 7⅜ 91	400	96⅝	97⅜	+0⅛	0	8.14
World Bank 7⅞ 90	250	98⅜	99¼	+0⅛	0	8.06
World Bank 10 86	150	107¾	108½	+0½	+0⅞	9.18
World Bank 10 90	200	111⅜	111⅞	0	+0⅛	8.24

Average price changes.. On day +0¼ on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	94	94½	+0⅛	−1	9.36
Bergen, City of 4¾ 91	40	95	95½	−0⅛	0	5.33
Bergen, City of 9 90	50	103½	104	+0½	+1	5.56
BNOE 5 89	75	86	86½	−0¼	−1½	7.11
BMW Overseas 4¾ 91	100	†92	92½	+0⅞	−0⅛	5.17
Buhrm'n-Tetterode 7 90	40	105⅜	105⅞	+0¼	0	2.21
Caisse Nat. Tele. 4⅞ 89	100	94½	95	+0⅛	+0⅛	5.11
Copenhagen 4½ 91	80	91	91½	0	0	5.57
Council of Eur. 5 89	100	†95	95½	+0½	+0¼	5.89
Denmark 5⅞ 90	90	99⅞	100⅜	+0¼	+0¼	9.73
EIB 4½ 91	100	91½	92	0	−1	5.52
EIB 4¼ 94	100	†87	87½	−0½	−0⅜	5.71
Elet. de France 4⅜ 86	100	94¾	95¼	+0⅜	−0⅛	5.08
GZB 4⅞ 89	100	92⅝	92⅝	0	+0½	5.29
Hilti 4½ 91	35	†95	95½	+0¼	+1	4.80
Int.-Amer. Dev. 4⅞ 89	100	†92	92⅛	+0⅜	0	9.91
Int.-Amer. Dev. 7 50	90	106⅞	107⅜	+0⅛	+0⅞	2.01
Jutland Tele. 5⅞ 90	50	100⅜	101⅜	+0⅛	0	5.36
Malaysia 5 89	80	89	89½	−0½	−1½	8.58
Neweg 5¾ 00	80	102	102½	+0⅜	+0⅛	5.45
Nippon Tel. & T. 4⅜ 89	100	94⅜	95¼	0	−0⅛	4.93
Nordic Bank 5 89	45	97	97⅛	+1⅛	+1⅛	5.39
Norges Komm. 4⅜ 91	100	†93	93½	0	+0⅜	5.18
OKB 4⅜ 91	100	90½	91	+0½	−0⅛	5.50
OKB 8 50	100	103⅜	104⅛	+0¼	−0⅛	5.47
Oslo, City of 4¾ 91	100	90¼	90¾	+0⅜	+0⅛	5.63
Sakiaul Pre. Hms. 8 80	80	102⅞	102⅝	+0⅛	+0½	2.86
Shikoku El. Pwr. 4¾ 89	100	95½	96	−0⅛	−0⅛	5.35
World Bank 4⅜ 89	100	96⅜	96⅞	+0⅞	+0½	5.12
World Bank 4⅜ 89	150	92⅛	92⅝	+0⅛	+0¼	5.45
World Bank 4⅝ 91	100	†93	93½	0	0	5.43

Average price changes... On day +0⅞ on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.8 83	30	91⅜	92⅜	−0⅛	−0⅜	9.42
Australia 6½ 89	20	87½	88⅜	−0⅛	−0⅛	8.73
EIB 7⅜ 89	12	96¾	98	+0¼	+0⅜	8.15
Finland 5.9 83	10	91⅛	92½	0	−0¼	8.62
Finland 6.8 88	10	88¾	89⅜	+0⅛	−1	8.00
Finland, Rep. of 8⅜ 87	15	97½	98⅜	0	−0⅛	8.79

Average price changes... On day 0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅜ 86 C$	60	95⅝	96⅛	−0⅛	+0⅜	11.69
CIBC 13½ 85 C$	50	103½	104⅛	+0¼	+0¼	12.33
CIBC 11½ 85 C$	60	98	98½	+0⅛	+0⅛	11.98
Cr. Foncier 10⅜ 84 C$	30	†92½	93½	0	+0½	12.60
Federal Dev. 11⅛ 90 C$	60	96¾	97½	+0⅛	+0⅛	12.01
Fst. Can. Inv. 10 84 C$	50	94	94½	0	0	11.92
GMAC 12 85 C$	50	†89	89½	0	0	12.20
R. Bk. Canada 10 88 C$	40	94½	95	+0⅛	+0½	11.26
Tordom Cpn. 13½ 85 C$	30	103½	104	0	−0⅛	12.40
M. Bk. Dnmk. 9 91 EUA	25	94	95¼	0	0	9.79
SOFTE 8¾ 89 EUA	40	86½	88	0	+0½	10.51
U. Bk. Nrwy. 9½ 90 EUA	18	99	99	−0⅛	+0⅛	9.73
Algemene Bk. 8¾ 84 Fl	75	96⅛	96⅞	0	−0⅛	9.32
Algemene Bk. 10⅛ 87 Fl	400	99⅞	100⅜	+0⅛	+0⅜	10.22
Ned. Gasunie 8⅜ 84 Fl	60	100	100½	0	+0⅛	8.67
Ned. Middbk. 8⅜ 84 Fl	75	96	96⅞	0	+0⅛	9.47
Norway 8⅛ 84 Fl	100	96⅝	97⅛	0	−0⅛	8.15
Philips Lamps 8⅛ 84 Fl	75	96⅞	97½	−0⅛	−0⅛	9.21
Air France 11 84 FFr	120	95	96¼	0	0	12.37
CECA 14¾ 86 FFr	150	106⅛	106⅝	−0⅛	+0⅛	12.67
Euratom 9⅜ 87 FFr	150	85⅝	86⅛	0	+0⅛	12.99
Finland 11 84 FFr	80	94	95¼	0	−0⅛	12.66
Finland 11½ 89 FFr	70	92¾	94	+0⅛	+0⅛	12.73
Gaz de France 11 84 FFr	150	94⅛	95⅜	0	0	12.61
IBM France 11⅞ 84 FFr	120	97⅛	98½	0	+0⅛	12.47
Renault 9¾ 85 FFr	100	86⅜	88	+0⅛	+0⅛	13.37
Saint-Gobain 9¾ 86 FFr	130	85⅞	86⅞	+0⅛	+0⅛	13.22
Solvay et Cie 9⅜ 87 FFr	125	84⅜	85⅜	0	−0⅛	13.28
Beneficial Fin. 14⅜ 90 £	20	100⅜	101⅛	0	+0⅞	14.09
Citicorp O/S 13½ 90 £	50	99½	100	−0⅛	+1	13.51
EIB 11½ 91 £	25	94⅜	95⅛	+0⅛	+3⅛	12.40
Fin. for Ind. 12½ 89 £	30	95½	96¼	−0⅛	−0⅛	13.31
Fin. for Ind. 14½ 89 £	20	103⅜	103⅞	−0⅛	+1	13.89
Gen. Elec. Co. 12⅛ 89 £	50	97⅜	98½	−0⅛	+1⅛	12.84
Swed. Ex. Cr. 15⅜ 85 £	20	104⅛	104⅞	−0⅛	+1⅛	13.88
Indonesia 8⅜ 81 KD	7	†93	93½	0	0	9.78
Mitsubishi 7½ 84 KD	10	†92¼	93	0	0	9.78
Norges Kom. 7½ 89 KD	12	†93⅜	93⅞	0	0	8.95
Occidental 8⅜ 91 KD	7	†90¼	90⅜	0	0	9.70
Akzo 9⅛ 87 LuxFr	500	94⅜	95⅜	0	+0⅛	10.18
Euratom 8 87 LuxFr	500	89⅜	90⅜	0	−0⅛	10.14
Euratom 9¾ 88 LuxFr	500	98⅝	99⅛	0	0	10.00
EIB 9⅜ 88 LuxFr	600	97⅝	98⅜	0	+0⅛	10.09
Volvo 9⅜ 87 LuxFr	500	96⅞	97⅞	+0⅛	+0⅜	10.25

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	97⅜	98¼	2/1	10.44	10.66
Bank of Ireland 5¼ 89	‡0¼	98⅛	98⅜	21/8	11.81	12.01
Bank of Tokyo 5¼ 89	‡0⅜	97⅛	97⅞	25/10	16.66	16.97
Barclays O/S Inv. 5 90	0¼	97⅞	99⅜	13/12	9⅜	9.61
Bergen Bk. A/S 5 89	‡0¼	97⅜	97¾	29/8	10	10.27
Bilbao Int. NV 5¾ 90	0¼	96⅜	97½	29/11	10.06	10.38
Bque. Indo Suez 5¼ 89	0¼	98⅛	98⅝	11/7	14.69	14.92
Citicorp O/S F. 83	§‡0	98⅞	99⅛	23/8	10.19	10.28
Citicorp O/S F. 94	‡0	98	98½	30/7	9.69	9.88
C. Itoh 5¼ 87	0¼	99½	100	18/9	19.44	19.49
Co-operative Bk. 5 86	0¼	98⅛	98⅝	15/11	11.44	11.62
Creditanstalt 5½ 91	§‡0¼	96⅛	97⅛	14/9	9.44	9.73
CNT 5⅞ 86	§0¼	100⅜	101⅛	12/10	18⅛	17.97
GZB 5½ 89	‡0¼	98	98½	1/8	15⅜	15.62
Jugobanka 5 89	0⅞	90⅜	92⅛	23/11	11⅜	12.74
Ind. Bank Japan 5¼ 87	0¼	100½	100⅝	15/10	18⅜	18.68
Lloyds Eurofin 5 90 £	0¼	97⅛	97⅝	3/1	15⅜	16.17
LTCB Japan 5½ 86	0¼	98⅛	98⅜	13/12	9⅜	8.77
LTCB Japan 5½ 89	0¼	98	98½	7/12	10⅛	10.31
Mfrs. Han. O/S 5¾ 94	‡0⅛	97¼	97¾	31/8	7⅞	10.13
Midland Intl. Fin. 5 89	0¼	99⅜	99⅞	20/12	9½	9.64
Midland Intl. Fin. 5⅜ 92	0¼	98⅛	98⅞	5/12	10⅛	11.05
Nacional Fin. 6¼ 86	0¼	98⅜	98⅞	25/7	14.69	14.91
Nat. West. 5⅜ 94	§0¼	99⅜	100⅜	11/10	18⅝	18.63
Nippon Credit 6½ 86	0¼	97⅛	97⅝	12/7	14.44	14.83
Nippon Credit 5¾ 87	‡0¼	97⅜	98½	6/5	14½	14.69
Royal Bk. Scot. 6¼ 94	§‡0¼	98½	99	11/7	19½	19.75
Soc. C. de Bque. 6½ 87	0¼	100⅛	100⅝	3/10	20.06	19.99
Sogenal 5⅜ 89	§0¼	97⅞	98⅜	13/7	14.44	14.71
Standard Chart. 5⅜ 00	0¼	100⅝	101⅛	6/9	17⅛	17.18
Sweden 8¾ 91	‡0¼	96⅝	97⅛	16/10	18⅝	19.23
Williams & Glyn 5⅜ 91	0¼	99⅝	100⅛	14/9	18½	18.52
Sq. E. d'Alg. 4¼ 89 SF	0⅜	†91	92	18/12	6½	6.69

Average price changes... on day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7⅜ 89	10/79	145	†119	120	+0½	−7.32
Ajinomoto 7⅜ 95	2/80	615.5	110	111	+0¼	−0.63
Alco Int. Fin. 9½ 94	1/80	40	93½	94⅝	−0¼	28.72
Apache I. Fin. 8⅜ 95	12/80	21.12	111½	113	−0⅛	−4.19
Asahi Optical 7 94	11/79	526.1	100½	101½	+0½	0.86
Canon 6⅜ 94	8/79	570	110⅜	111¼	+0⅛	0.85
Credit Suisse 4⅜ 93	10/79	1278	102⅝	104⅛	+0½	−4.58
Daiei Inc. 6⅜ 94	11/79	927.3	97⅝	98⅝	+0½	18.34
DOKK 11 90	4/80	324	111⅜	112⅜	0	−12.30
Dynalectron 9½ 95	8/80	12.22	115	116⅛	0	−1.26
Ensearch Fin. 9½ 94	7/80	30.25	121	122	+0¼	−4.25
LPC Internatnl. 8 89	9/79	23.33	†110	111½	0	−5.46
Maidensha Elec. 7 94	12/79	210	106⅜	107	+3⅛	1.57
Mitsubishi Cp. 6½ 94	10/79	549.1	128⅜	128⅜	+0⅛	−5.46
Nippon Seiko 7⅜ 94	12/79	339	†112⅜	113⅜	0	−1.77
Nitto Elec. Ind. 6 94	7/79	735	86	87¼	0	−5.42
Toshiba Cpn. 7⅛ 94	10/79	198	102⅛	103⅛	+0⅛	−0.91
Union Bk. Switz. 5 89	2/80	121.4	97½	99⅛	+0½	4.92
Fujitsu 9 84 DM	7/79	475	99⅜	100⅜	−1⅛	5.09
Kansai Elec. 4 94 DM	4/79	1234	87½	88⅜	0	38.43
Uny. Co. 6½ 89 DM	11/79	1071	96⅞	97⅝	+0⅛	29.07

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Northern Telecom expects downturn

MONTREAL — Northern Telecom, the telecommunications equipment manufacturer, disclosed that operating factors, and a change in financing practices at Northern Telecom Systems, with the added effect of the world recession, will cause the corporation's operating earnings for the second quarter 1980 and for the full year to be substantially below 1979 levels.

"Our efforts to integrate and restructure the operations and product lines of the companies acquired in 1978—Data 100 and Sycor—as Northern Telecom systems have been far more costly and are taking far longer than we had anticipated" said Mr. Walter F. Light, president and chief executive. "This will continue to be trua for at at least the remainder of 1980."

The decline will be dua in part to the approval by the company's board of a change in the practice of Northern Telecom Systems under which each quarter Northern Telecom Systems has been selling a significant number of its operating leases on data systems to third parties. Only limited third party lease sales will ba made in tha future, as dictated by business conditions. No third party lease sales were made in the second quarter.

AP-DJ

BORROWER PROFILE YUGOSLAVIA

Burdened by a deteriorating balance of trade

BY ANTHONY ROBINSON, EAST EUROPEAN CORRESPONDENT

REPORTS FROM Basla that Yugoslavia has approached central bankers for assistance in raising around $2bn this year to back up its economic stabilisation programme come as no surprise to commercial bankers. They bave long been aware that Yugoslavia has a borrowing requirement of this size. Tha immediate "J-curve" effect of last months Dinar devaluation is furthermore expected to increase the pressure on the balance of payments and increase Yugoslavia's already sizeable borrowing needs in the short run.

The Netional Bank of Yugoslavia in Belgrada yesterday denied that Yugoslavla has made any formal approach to either eentral or commercial bankers. Leading U.S. and European banks in London bowever believe that the National Bank is consideriog a large Eurocurrency loan of up to $500m in which leading U.S., European, Japanese and Arab banks would be invited to participate.

The main function of such a loan, they believe, would be to boost Yugoslavia's reserves which have been run down coosiderably over the last 18 months as a consequence of the deteriorating trade and balance of payments position. Last year Yugoslavia registered a record $7.3bn trade deficit and a revised balance of payments deficit of $3.7bn.

According to tha latest OECD report Yugoslavia's foreign currency reserves at the end of 1979 stood at $1.3bn and total reserves at just over $2bn. But this underestimatea the gold component of the reserves which is officially valued at $42 per ounce. At current market pricea the gold component in reserves is estimated to be worth around $2bn, or roughly two months' imports. The reserves bave alao benefited from some recent borrowing, including the $440m IMF loan which was announced shortly after the June 5 decision to devalue the dinar by 30 per cent.

> The problem of a worsening trading balance has been compounded for Yugoslavia by the recent massive devaluation of the dinar

Borrowing arrangements are believed to be in a fairly early preparatory stage and no final decisions bave been taken as to the final shape of the programme. But western bankers believe that a major borrowing by the National Bank would be received more favourably than further conveotiooal borrowing by tbe Yugoslav commercial banks.

Yugoalavia's total net indebtedness to Western banks, including Japanese and Arab banks, is now estimated to be around $14bn. This has already brought many U.S. and European banks to their country lending limits.

This is reflected in a lack of enthusiasm for further lending and pressure for higher fees and conditions. The latest commercial bank lending was a $107m "club deal" extended to three Yugoslav baoks aod put together by Citicorp and eight U.S. and European banks. This was for seven years at 1¼ per cent over Libor with a substantial management fee.

Tha size of the Yugoslav debt is not bowever the only problem. In retrospect many bankers feel that Yugoslav borrowers mey have made a major error of judgment earlier this year by concentrating oo re-scheduling their existing, and admittedly rather expensive debt, rather than concentrate oo creating good conditions for future fresh borrowing.

By insisting on re-scbeduling the Yugoslav banks did obtain better terms oo $420m of existing debt. The consortium put together by Manufacturera Hanover worked out a package which gave ten years before the final drawdown, a rate of ⅞ per cent above Libor, a 48 month grace period and a front end managemeot fee of ⅜ per cent. But in the process of hard bargaining over tarms the Yugoslav banks reduced the enthusiasm of banks for future lending and as a consequence terms and conditions on future commercial bank borrowing are likely to reflect this feeling.

Under these circumstances using the National Bank as a kind of flagship makes sense. All baoks like to keep oo good terms witb the Central Bank and a large loan to tbis borrower would clearly also be seeo as somewhat of a political gesture of support for post-Tito Yugoslavia.

Tbis is certainly how the Yugoslav authorities would viaw sucb ao operation io trade and fioancial negotiations alike Yugoslav negotiators always tend to point to Yugoslavia's political and strategic significance and the importance of being able to contioue the delicate tight-rope act between East and West.

Jardine undermines Land story

By Rodney Hobson in Hong Kong

JARDINE MATHESON yesterday poured cold water on reports that it and Hongkong Land, in which it has a 20 per cent stake, were arranging a share exchange.

Jardine shares—which have soared on the London and Hong Kong stock markets since Friday — had risen from HK$18.10 to HK$22 before falling back to HK$20.70 at yesterday's close.

Hongkong Land, which had put on 40 cents to HK$14.20, fell back to HK$13.90.

However, Mr. David Newbigging, chairman of both companies, said: "The fact that we have made no announcement indicates that we bave no announcement to make." He was surprised when Jardine shares soared. "I am delighted that people think our shares were undervalued," ba said. His policy was to make announcements affecting the companies "sooner rather than later."

Mr. Uisdein McInnes, the Commissioner for Securities, has contacted Mr. Newbigging, but his office refuses to comment and does not expect to issue a statement.

Stories of a possible defensive Jardine-Hongkong Land move have circulated since Hongkong Land failed last month in its attempt to gain effective control of Hongkong and Kowloon Wharf, when Sir Yue-Kong Pao's interests raised their stake in Wharf from 30 per cent to 49 per cent, at a cost of over HK$2bn (US$400m).

The surge in Jardine and Land helped the Hang Seng index to a seven-year high, at 1,085.75 in hectic trading on Monday. Yesterday the index slipped to 1,071.84.

Jardine has 250m issued shares, giving it a market capitalisation of more than HK$5bn (US$1bn). Hongkong Land has 715m issued shares, giving it a market capitalisation of HK$9.9bn.

About 1m Jardine shares changed hands in London on Friday and another 2.56m were traded in Hongkong on Monday.

L'Oreal forecasts five years of growth

BY TERRY DODSWORTH IN PARIS

L'OREAL, the French cosmetics and pharmaceuticals group, is aiming to increase both sales and profits at an annual rate of 15 per cent for the next five years.

According to a statement to shareholders at the annual meeting, the group is confident of being able to achieve these targets because of the steady expansion of its main markets in hygiene, beauty and health products.

It also intends to push ahead with its ambitious programme of expansion overseas, where it achieved 54 per cent of turnover last year.

Group sales in 1979 went up by about 18 per cent from FFr 5.6bn to FFr 6.6bn ($1.53bn), with cash flow increasing from FFr 389m to FFr 548m. Consolidated net profits, however, rose much faster, going up by 58 per cent from FFr 210m to FFr 332m.

L'Oreal says that its growth strategy over the next five-year period is based on developing all of its current businesses, which ranga from bair and beauty products, to hygiene and pharmaceutical items.

It became clear last year, bowever, that the company was preparing a big pusb in the pharmaceuticala industry, one of the sectors whicb the French Government is anxious to expand. The company took a majority stake in Metabio-Joullie Laboratories which it is aiming to merge with its own Synthelabo division.

Later, it negotiated a deal to take over SHDV, a specialist compaoy in the dermatology field with an annual turnover of FFr 415m.

Last year, the pbarmaceutical division acbieved about 12 per cent of group sales, coming well ahead of the bygiene businesa (about 7 per cent), but well behind the beauty (19 per cent) and bair products (more than 60 per cent).

L'Oreal, wbose product range iocludes marques sucb as Ambre Solaire, Lancome and Guy Laroche, is a company in whicb the French Government bas taken close interest io recent years. The Swiss multinational, Nestlé, has a 49 per cent stake in the holding group wbich owns a majority of the L'Oreal shares, but both Nestlé and represeotatives of the 51 per cent French interests in the bolding operation bave agreed with the Government not to change their shares for 20 years.

● Frances Deney Corp. has been acquired by Dealande a Paris-based pbarmaceutical, cosmetic aod chemical group. Deney, a private company which is one of the oldest cosmetic companies in the U.S., has been acquired by Delalande Inc.

SAS may be forced into the red

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

SCANDINAVIAN Airline System (SAS) runs the risk of falling into the red for the first time in 18 years, according to Mr. Carl-Olov Munkberg, the managing director.

Traditionally SAS operates at a loss during its off-season first half but makes good the deficit over the remainder of the financial year. However, the SKr 183.5m loss recorded by Aerotransport, the Swedish parent company, for the six months ended March is far ahead of the SKr 59.4m loss made in the first half of 1978-79. For the whole of the last year the group turned in a final profit before allocations of SKr 148m.

Mr. Munkberg points out that SAS posted a SKr 145m loss on its airline operations in the latest half-year compared with a loss of SKr 48.9m, despite equipment sales of SKr 32.6m, up from SKr 26.1m.

The Aerotransport report attributes the slump in earnings partly to a weak developmeot in passenger traffic and to the inadequacy of fuel surcharges in compensating for tha increases in fuel costs. But the strikes of April and May this year, which shut down tbe airline in Sweden, also dealt SAS a severe blow.

The managemeot estimates that the group as a wbole lost SKr 81m in earnings from its Swedish industrial problems, of wbicb SKr 76m was lost on the airline operations. A further SKr 6m loss is attributed to the four-day strike by Norwegian air traffic controllers.

Group operating revenne during the first half grew by 18 per cent to SKr 4.25bn ($1.02bn). Airline traffic revenue was up by 17 per ceot to SKr 2.82bn but almost all the increase was attributable to the fuel surcbarges.

The increase in revenue tonkilometres during the period was only 1 per cent compared with the 7 per cent growth recorded in the first six months of last year.

Sharp advance in earnings at Kloeckner

By Our Financial Staff

REPORTING sbarply higher profits for 1979, Kloeckner and Co., the trading arm of the Kloeckner-Werke steel group, says earnings for the first balf of 1980 bave remained satisfactory.

Net profits for last year were 49 per cent bigber at DM 48.6m after an increase in sales of 22 per cent to DM 9.5bn. World sales were 21 per ceot higher at DM 10.3bn. No consolidated profit figures are available.

Sales growth for tbe opening six months of 1980 has remained well into double figures, Herr Joerg Henle, the chief executive, told a Press conference.

Having increased profits last year by almost half, Herr Henle stressed that Kloeckner intended to improve its performance again in the current year.

Capital investment this year will total DM 142m, after DM 108m in 1979 and the DM 52m speot in 1978, owing to the company's participation io the capital restructuring of Kloeckner-Werke AG in which it has a stake of mora than 25 per cent.

Orders on book in mid-1980 totalled DM 2.7bn, down on the DM 3.1bn level of mid-1979.

Ansett sells Avis Rent-a-Car subsidiary

BY JAMES FORTH IN SYDNEY

ANSETT TRANSPORT Industries, tha Australian airline, transport and television group, is selling the local Avis Rent-a-Car group for A$10m (US$11.6m).

Ansett acquired Avis in 1978 which at that stage held an exclusive franchise to service the major airports. Soon after, Avis lost the franchise.

The rental group will be bought by a joint vantura company jointly owned by Norton Simon of the U.S. through Avis International and the diversified industrial group, Burns Philp and Co. Ansett, which last year came under the joint control of Thomas Nationwide Transport and News Corporation, will make a capital profit on the sale of abont A$2m (US$2.3m).

The local Avis company previously bad no connection with tha U.S. group of tha same name. But Burns Philp had an Avis franchise from the U.S. group in some Pacific islands.

A spokesman for the new owners indicated that tha first aim was to bring Avis Rent-a-Car back to profits. The company is believed to bave recorded a loss of more than A$1.5m (US$1.7m) in the latest year. A number of marketing changes were envisaged.

Arab oil exporters' investment income to leap

BY JAMES BUXTON

FIVE ARAB members of the Organisation of Petroleum Exporting Countries are expected to earn more than $27bn this year from their financial investments alone. By the end of this year their net foreign assets will amount to $275bn and will have reached $355bn by the end of 1981. Investment income, however, is expected to fall in 1981 to $25.5bn after baving risen from $15.5bn in 1979.

These are the conclusions of a study of the OPEC surplus by First National Bank of Chicago. The bank estimates that Saudi Arabia will have an investment income of $11.6bn this year and will bave accumulated $118bn in net foreign assets by the end of the year. The next biggest surplus state, Kuwait, is estimated to earn $6.6bn on $64bn of assets this year.

First Chicago puts the aggregate current account surplus of all 13 OPEC atates at $115bn this year and says the total may be $100bn next year, despite greatly increased spending. It assumes that the oil price will keep pace with inflation and that there will be a narrowing of differentials between the price of Saudi oil and that of other crudes.

With demand for oil softening in tha next 18 months production is likely to be static at around 27m to 28m barrels a day, though price rises will take OPEC export revenues up from $306bn this year to $340bn next year. OPEC states' imports will rise from $129bn this year to $160bn in 1981.

By the end of 1981 OPEC's net external assets are expected to have increased from the Bank of England's estimate of $236bn for 1979 to $445bn, the study says. But the surplus as usual will be concentrated beavily in five states with Saudi Arabia, Kuwait, Iraq, United Arab Emirates and Libya, together accounting for about three-quarters of it.

The surplus funds accumulated during 1980 and 1981 are likely to be invested beavily in dollar assets and, initially, short-term bank deposits. But there are signs that oil prodncing countries prefer to hold a greater portion of their assets outside the U.S. in non-dollar investments.

A Bank of England breakdown of the deployment of the $236bn of OPEC'a net external assets in 1979 showed $115bn in bank deposits, $58bn in portfolio and direct investments, $17bn in British and U.S. Government securities, $8bn on loan to the International Monetary Fund and World Bank and $38bn lent to developing countries. Some 68 per cent of the bank deposits were dollar nominated.

Saudi Arabia, the biggest surplus state, is expected to increase its imports by 33 per cent in 1980 and 25 per cent in 1981, as a result of increased spending. First Chicago believes that its export revenue will rise only marginally, from the 1980 figure of $94bn, to $96bn in 1981.

The study is to be published in the May-June issue of First Chicago World Report.

OPEC CURRENT ACCOUNT SURPLUSES ($bn)

	1979*	1980*	1981*
Saudi Arabia	$15.5	$41.0	$32.0
Kuwait	13.9	19.3	20.4
Iraq	11.4	14.2	11.7
U.A.E.	4.9	8.4	8.0
Iran	4.5	3.4	11.0
Libya	4.2	14.2	9.3
Nigeria	1.7	7.5	5.4
Qatar	1.7	3.6	3.8
Algeria	−1.5	2.3	2.0
Indonesia	0.9	0.8	−1.7
Gabon	0.4	0.6	0.3
Ecuador	−0.6	−0.5	−0.5
Venezuela	−1.9	0.0	−0.6
Total	$55.1	$115.4	$101.1

* Estimate

INVESTMENT INCOME ($bn)

	1979*	1980*	1981*
Saudi Arabia	$6.9	$11.6	$10.7
Kuwait	4.0	6.6	6.3
Iraq	2.0	4.0	3.7
U.A.E.	1.6	2.6	2.4
Libya	1.0	2.3	2.4
Total	15.5	27.1	25.5

* Estimate

NET FOREIGN ASSETS* ($1bn)

	1979†	1980†	1981†
Saudi Arabia	$77	$118	$150
Kuwait	45	64	84
Iraq	26	41	52
U.A.E.	18	26	34
Libya	12	26	35
Total	178	275	355

* At year end † Estimate

WORLD STOCK MARKETS

Early profit-taking on Wall St.

THE RECENT advance on Wall Street was modestly extended at the outset yesterday, taking the Dow Jones Industrial Average briefly above the 900 level, but the market subsequently slipped back to show an easier bias at mid-session after heavy trading.

The Dow-Jones Industrial Average was off 1.20 at 897.01 on balance at 1 pm, while the NYSE All Common Index lost 22 cents at $67.36. Declines outscored gains by a seven-to-six margin after volume of 31.95m shares, compared with Monday's 1 pm figure of 27.89m.

Analysts commented that when the Dow-Jones Industrial Average rose above the 900-mark; it caused profit-taking by investors who follow a strategy of selling when the Average tops 900 and buying when it falls below 800.

They also said that with the dollar weak, the Federal Reserve is caught between the need to limit interest rate declines to prop the dollar and the need to ease rates to avoid a deeper recession.

Recently strong Oil and Computer issues pulled back, although some interest rate-sensitive stocks firmed. Exxon lost ⅝ to $68⅜. Texaco ½ to $38 and Standard Oil of California ⅛ to $79⅜.

Superior Oil fell 1½ to $174. Union Oil of California $1 to $56½ and Marathon Oil 1¼ to $6⅜.

Among Computer issues, active IBM eased ½ to $61½. Honeywell $1 to $82⅝ and Digital Equipment ½ to $72.

Peabody International jumped 2⅛ to $25½. It has proposed to spin off its oilfield and quality assurance operations to shareholders.

In the interest rate-sensitive group, volume leader Northern States Power put on ¼ to $25, Citicorp, in second place, ½ to $23⅜, and Bankers Trust ¼ to $50⅛, but Bankamerica eased ⅜ to $27.

THE AMERICAN SE Market Value Index shed 1.25 to 308.64 at 1 pm. Volume 4.64m shares (3.62m).

Canada

Mixed movements were recorded on Canadian markets following active early dealings. The Toronto Gold shares index gained 11.1 at 4,634.1 and Metals and Minerals 15.1 at 2,017.0, but Oil and Gas retreated 42.7 to 5,004.0. In Montreal, Banks improved 1.23 to 362.69 and Utilities 1.13 to 258.42.

Tokyo

The market, after Monday's broad retreat, took a turn for the better on selective "cheap" buying, with the recently depressed Oils sector picking up strongly.

The Nikkei-Dow Jones Average, down 88.46 the previous day, recouped 47.05 at 6,755.54, while the Tokyo SE index rallied 2.09 to 467.31. Volume 270m shares (240m).

Nippon Oil, which fell Y190 on Monday on disappointing oil drilling news, recovered Y110 to Y1,410. Teikoku Oil retrieved Y30 to Y1,040 and Mitsubishi Oil Y15 to Y370.

Export-orientated Light Electricals, together with Trading Houses and Real Estates, closed generally higher. Sony rose Y20 to Y2,200 and TDK Electronics Y30 to Y2,280, while Trading House Mitsubishi gained Y8 to Y645. Heiwa Real Estate moved ahead Y36 to Y620.

Asahi Glass put on Y3 to Y398 in response to an 18 per cent rise in sheet glass prices, while Nippon Sheet Glass climbed Y11 to Y273 in sympathy.

In contrast, Hitachi eased Y1 to Y264 despite its announcement on Monday of a record consolidated net income for the year ended last March.

Germany

Share prices generally lost ground but closed above their lows for the day. Market observers said that the market continued to settle down from last week's sharp upswing, with the absence of fresh foreign buying largely responsible for the decline. The Commerzbank index lost 7.6 to 732.3.

Karstadt receded DM 5 in Stores and Demag DM 3 in Engineerings, but notable exceptions to the downtrend were Motors concerns Daimler Benz, up DM 4.50, and Volkswagen, DM 2.10 higher.

Public Authority Bonds were up to 30 pfennigs firmer. The Bundesbank sold DM 37.4m of paper, after sales of DM 23.2m on Monday. Mark Eurobonds were mixed.

Paris

A strong flow of buying orders pushed Bourse prices higher across the board.

Market participants said the recent strong rise on Wall Street was a major factor behind the strong undertone. Also buoying sentiment was the positive reaction to the performance of French Premier Raymond Barre in a televised debate on Monday night.

Gains led falls by almost three-to-one in the French section.

Australia

With Overseas support dwindling and profit-taking ensuing, Minings and Oils put on a rather mixed performance, but Industrials tended to harden. The Sydney All Ordinaries index managed a further improvement of 4.38 at 924.80.

Recently buoyant Shale Oil stocks bore the brunt of the profit-taking despite news partners Greenvale and Esperance are negotiating with a major U.S. oil company for the development of the Nagoorin deposit. Esperance declined 50 cents to A$5.50 and Greenvale 80 cents to A$5.00, while Ruddle partners, Central Pacific and Southern Pacific, shed A$2 apiece to A$70 and A$26 respectively.

Newly-listed Alpha Resources went against the trend adding 15 cents at A$1.85 in response to a reshuffling of Greenvale and Esperance interests which gives Alpha control of the Alpha shale prospect.

Magellan Oil continued to strengthen, gaining 30 cents to A$6.80.

The formalisation of BP's takeover offer for Selection Trust saw the latter ease 10 cents to A$3.60, but rumours of a takeover of RTZ saw local affiliate, CRA, firm 4 cents to A$5.64.

Hong Kong

Profit-taking left shares mainly easier yesterday, following Monday's fresh upsurge on speculation of a possible merger of Jardine Matheson and Hong Kong Land. The Hang Seng index receded 13.91 to 1,071.84 from the new seven-year peak reached the previous day. Total turnover on the four stock exchanges was a substantial HK$342.27m, although below Monday's HK$408.46m.

Jardine Matheson retreated HK$1.30 to HK$20.70 and Hong Kong Land 30 cents to HK$13.90 after respective rises of HK$3.70 and 40 cents the previous day.

HK Wharf lost HK$2 to HK$76, Cheung Kong 30 cents to HK$16.10, Hutchison Whampoa 20 cents to HK$10.60, Sun Hung Kai Properties 50 cents to HK$13.10, World International 25 cents to HK$3.90, Green Island Cement HK$1 to HK$[illegible] and China Light 10 cents to HK$21.20. However, HK Telephone added 20 cents at HK$26.00 and Cross Harbour 10 cents at HK$11.30.

Johannesburg

Gold issues continued to rise with the Bullion price in moderate activity. Hartles added R2.50 at R84.00, Angold R5.25 to R111.25 and Gold Fields R3 to R96.

De Beers advanced 20 cents to R11.60 ahead of half-yearly diamond sales figures from the CSO.

Closing prices for North America were not available for this edition.

NEW YORK

(Stock price tables for New York, Canada, Belgium, Holland, Australia, Japan, Denmark, France, Italy, Germany, Norway, Sweden, Switzerland, Austria, Belgium/Luxembourg, Hong Kong, Singapore, South Africa, Brazil: [illegible])

Stock	July 7	July 3	Stock	July 7	July 3	Stock	July 7	July 3
Clark Equipment	34⅞	39⅝	Getty Oil	81⅞	82	Media Genl	[illegible]	[illegible]
Cleve Cliffs Iron	28⅛	29⅛	Giddings Lewis	27	25½	Medtronic	[illegible]	[illegible]
Clorox	10⅝	10½	Gillette	25⅝	26	Mellon Natl	[illegible]	[illegible]
Cluett Peaby	8¾	8⅝	Global Marine	39½	32⅝	Melville	35⅞	35¾
Coca Cola	36⅝	38⅞	Goodrich (BF)	20¼	20¼	Memorex	14⅜	14¼
Coca Btl. NY	4⅞	4⅞	Goodyear Tire	14	13⅝	Mercantile Sts	36	34⅛
Colgate Palm	15½	15½	Gould	23⅝	24	Merck	75⅝	73⅛
Collins Aikman	7⅛	7¼	Grace	39½	39	Meredith	37⅜	37⅜
Colt Inds	44	43¾	Grainger (WW)	30⅞	30⅝	Merrill Lynch	26⅝	25¼

Stock	July 7	July 3	Stock	July 7	July 3
St. Regis Paper	29⅝	29½	Wrigley	31⅝	31⅛
Santa Fe Inds	60½	58½	Wyly	8⅝	8¼
Santa Fe Intl	49⅝	41¼	Xerox	57	56¾
Saul Invest	8⅛	8½	Yellow Frt Sys	17½	17
Saxon Inds	6¼	6⅛	Zapata	37¼	36⅞
Schering Plo	40⅜	40	Zenith Rad	10⅞	11

Indices

NEW YORK —DOW JONES

	July 7	July 3	July 2	July 1	June 30	June 27	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
◆ Industr'ls	898.21	888.91	876.02	872.27	867.92	881.83	903.84 (15/2)	759.13 (21/4)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	74.25	74.32	74.26	74.97	74.87	75.36	75.81 (23/6)	65.87 (28/3)	—	—
Transport	290.64	285.77	280.46	275.26	273.50	275.38	305.30 (6/2)	236.69 (27/3)	305.30 (3/2/80)	12.25 (8/7/32)
Utilities	116.74	115.58	115.51	115.22	115.33	114.60	115.74 (7/7)	96.04 (27/3)	165.32 (20/4/69)	10.52 (28/4/42)
Trading Vol 000's	42,720	47,370	43,020	54,500	50,150	33 11	—	—	—	—

◆ Day's high 900.77 low 886.86

Ind. div. yield %	June 27	June 20	June 13	Year ago (approx)
	5.88	6.07	6.02	5.72

STANDARD AND POORS

	July 7	July 3	July 2	July 1	June 30	June 27	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	133.18	132.17	130.15	129.23	128.54	130.46	134.47 (13/2)	111.09 (27/3)	134.64 (11/1/73)	3.52 (30/6/32)
‡Composite	118.29	117.46	115.68	114.23	114.24	116.00	118.44 (13/2)	98.22 (27/3)	125.85 (11/1/73)	4.40 (1/6/32)

	July 2	June 25	June 19	Year ago (approx)
Ind. div. yield %	6.07	4.99	5.82	5.28
Ind. P/E Ratio	7.22	7.78	7.75	7.22
Long Gov. Bond Yield	10.13	8.77	9.56	8.74

N.Y.S.E. ALL COMMON

July 7	July 3	July 2	July 1	1980 High	1980 Low
67.58	67.07	66.16	65.75	67.77 (15/2)	55.30 (27/3)

Rises and Falls	July 7	July 3	July 2
Issues Traded	2,007	1,878	1,876
Rises	1,125	1,159	920
Falls	518	390	540
Unchanged	363	348	418
New Highs	116	84	52
New Lows	—	1	—

MONTREAL

	July 7	July 4	July 3	July 2	1980 High	1980 Low
Industrial	392.26	392.68	329.14	383.72	425.80 (29/2)	323.21 (27/3)
Combined	360.77	360.72	358.02	353.51	376.90 (29/2)	296.90 (27/3)
TORONTO Composite	2158.6	2155.26	2120.20	2088.77	2192.6 (29/2)	1702.5 (17/3)

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
IBM	585,900	62	+ ¾
Texas Util.	570,300	19	− ⅛
Merrill Lynch	470,900	26⅝	+1¼
Am. Tel. & Tel.	421,700	53⅝	+ ⅞
Gulf Oil	414,700	45	+ ⅞
GK Technolog's	413,300	38⅝	+8¾
Chicoro	404,700	23⅝	+ ⅛
Texaco	290,400	38⅝	+ ⅝
Hutton Simon	218,900	15⅝	− ⅛
Nat. Semicond'tr	308,900	27⅞	+ ¾

	July 8	July 7	July 4	July 3	1980 High	1980 Low
AUSTRALIA						
Sydney All Ord. (1936/59)	924.80	920.42	914.65	910.99	947.47 (14/2)	780.00 (2/1)
Metals & Mnls (1936/59)	5965.71	5840.17	5895.10	5825.70	6680.95 (14/2)	4581.28 (28/3)
AUSTRIA						
Credit Aktien (2/1/62)	67.11	67.28	67.27	67.42	69.40 (7/1)	66.65 (26/6)
BELGIUM						
Belgian SE (31/12/63)	95.00	95.23	95.51	95.45	105.75 (11/2)	90.14 (31/3)
DENMARK						
Copenhagen SE (1/1/73)	81.99	81.53	82.14	81.84	98.74 (2/1)	74.78 (6/3)
FRANCE						
CAC General (29/12/61)	109.1	108.5	108.40	107.40	115.2 (14/2)	97.1 (3/1)
Ind Tendance (28/12/79)	110.7	109.7	109.30	108.40	110.7 (8/7)	95.60 (3/1)
GERMANY						
FAZ-Aktien (31/12/58)	235.02	235.1	234.40	234.25	238.89 (26/2)	212.78 (28/3)
Commerzbank (Dec. 1953)	732.3	739.9	737.90	737.50	748.2 (26/2)	687.8 (27/3)
HOLLAND						
ANP-CBS General (1970)	84.8	84.2	84.60	83.80	87.0 (11/2)	74.0 (27/3)
ANP-CBS Indust. (1970)	63.1	62.9	63.10	62.20	68.2 (11/1)	58.2 (28/3)
HONG KONG						
Hang Seng Bank (31/7/64)	1071.84	1085.75	1057.18	1067.22	1085.75 (7/7)	738.9 (18/3)
ITALY						
Banca Comm. Ital (1972)	102.06	101.02	102.62	103.78	107.74 (20/6)	05.11 (2/1)
JAPAN						
Dow Average (16/5/49)	6755.54	6708.49	6848.09	6885.84	6904.81 (28/4)	6475.93 (27/3)
Tokyo New SE (4/1/68)	467.31	465.22	470.47	470.78	473.55 (25/6)	448.01 (10/3)
NORWAY						
Oslo SE (1/1/72)	126.42	125.54	126.60	126.80	144.70 (14/2)	110.12 (28/3)
SINGAPORE						
Straits Times (1966)	543.84	547.90	546.25	544.06	551.20 (20/6)	429.75 (3/1)
SOUTH AFRICA						
Gold (1958)	(u)	740.6	729.6	722.1	740.6 (7/7)	649.5 (13/6)
Industrial (1958)	(u)	633.9	551.4	549.1	633.9 (7/7)	456.0 (29/1)
SPAIN						
Madrid SE (29/12/78)	102.58	(c)	102.62	103.20	108.29 (21/2)	95.75 (15/6)
SWEDEN						
Jacobson & P. (1/1/58)	363.62	370.06	370.20	370.10	388.90 (8/2)	334.72 (17/1)
SWITZERLAND						
Swiss Bank Co. (31/12/58)	303.7	304.6	305.10	304.50	317.8 (11/2)	294.3 (22/4)
WORLD						
Capital Intl. (1/1/70)	—	145.9	145.1	144.7	146.0 (7/7)	120.5 (27/3)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000: the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

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COMMODITIES AND AGRICULTURE

Importers step up apple war

By Our Commodities Staff

BRITISH DISTRIBUTORS are to boycott poor quality French Golden Delicious apples which were blamed by domestic growers last year for depressing their market.

From August 1 importers, wholesalers and main retailers will handle only Grade I imports and the French will be warned that any inferior fruit sent to Britain will rot unsold in the markets.

The agreement, worked out at a meeting of the Fruit Importers Association, the National Federation of Fruit and Potato Trades and the British Multiple Retailers Association, was announced at Brenchley, Kent, yesterday by Mrs. Margaret Charrington, chairman of the Women's Farming Union.

She said the boycott was "part of a war for survival." Last year about 220,000 tonnes of French apples were sent to Britain allegedly aided by government subsidies. The depressed prices which resulted were reported to have forced many British growers out of business.

"It would be negligent and cowardly of us not to recognise and confront tha invasion from across the Channel," Mrs. Charrington said.

Referring to the burning of Spanish fruit lorries and the adulteration with diesel oil of imported British fish by French farmers recently she added: "When their market is threatened, they retaliate. Why then should we pretend that this is anything other than a fight for the survival of the fittest?"

Temporary ban on soya export registrations

RIO DE JANEIRO — Brazil has suspended soyabean oil and meal export registrations temporarily, the foreign trade department of the Banco do Brasil, Cacex, said yesterday.

The suspension is likely to last only one or two days. Cacex suspended registrations just before a meeting yesterday between Cacex and the presidents of the crushing industry associations.

The suspension is to allow Cacex to assess the present position on export quotas and registrations for the current 1980-81 crop.

NZ protests to EEC on butter

BY RICHARD MOONEY

NEW ZEALAND protested yesterday at EEC proposals to reduce access for its butter.

The EEC Commission wants to cut New Zealand buttar shipments to 90,000 tonnes by 1984 compared with 115,000 tonnes this year. Most of the cut would come next year when the total would go down to 97,500 tonnes: in 1982 it would be 95,000 tonnes and in 1983 it would be 92,500 tonnes.

"A reduction of the size proposed would face us with a daunting task," said Mr. Ken Mehrtens, chairman of the New Zealand Dairy Board, in Wellington. "Whether my industry could succeed would depend heavily on the Community's actions."

He said New Zealand's dependence on the UK market bad been reduced for all dairy products except butter. "There simply are not dependable markets elsewhere on which we could build a future unless the Community undertakes to cut its own exports."

Most of the industrialised world was closed to New Zealand butter and progress on creating new markets in the developing world was slow, Mr. Mehrtens stated.

New Zealand had done everything it could to adapt to British membership of the Common Market and its exports of dairy products to Europe had fallen by almost 200,000 tonnes, or 60 per cent, in 10 years, be said.

He said the Community had shown recently that it could, if it chose, manage its surpluses, save its tax-payers money, and permit export prices to revive.

Ten years ago, when New Zealand *had free access* to the UK market, it sold 160,000 tonnes of butter and 60,000 tonnes of cheese in Britain. When Britain joined the Community in 1973 it negotiated preferential access for NZ produce until 1980. But shipments have nevertheless been cut to 115,000 tonnes for butter and 10,000 tonnes fnr cheese.

Portuguese foot and mouth 'contained'

BY JIMMY BURNS IN LISBON

THE PORTUGUESE Ministry of Agriculture yesterday described as "worrying" an outbreak of foot and mouth disease in Portugal—the first outbreak since 1971—bnt claimed that the epidemic was being brought under control.

In his first public statement on tha disease since first cases of foot and mouth were reported at the beginning of June, Sr. Antonio Cardoso E Cunha, the Minister of Agriculture, said that 10 calves and 490 suckling pigs bad either died or been destroyed so far.

He admitted that his Ministry had been taken by surprise and had last month found itself with insufficient supplies of vaccine to deal with the outbreak. These difficulties, however, had now been overcome, "thanks to co-operation from Spain," which bas been the main supplier of vaccine. Emergency centres have been set up throughout Portugal to distribute the drug adequately and minimise the spread of a black market in northern Portugal, where the worst outbreak of foot and mouth bas occurred.

According to tha Minister, more than 1m animals bave been inoculated so far, aithough farmers are continning to distribute the vaccine as a matter of precaution. He added that the foot and mouth disease that had broken out in Portugal was a relatively mild virus and that its spread had been contained thanks to a bout of exceptional warm and dry weather.

The Minister confirmed statements claiming that the disease bed been brought to Portugal by illegally smuggled cattle across the Spanish border, a practice which was difficult to control given the fact that large sections of land separating Spain from Portugal were unguarded by official frontier posts.

Last month the epidemic was described as a "national calamity" by the National Confederation of Portuguese Farmers (CNA), and Portuguese livestock were banned from the annual agricultural fair at Santarem.

Aluminium output to be cut

By Our Commodities Editor

ALCOA, the world's biggest aluminium prodncer, announced yesterday it was cutting ontput tn bring prodnction more into line with redneed demand. The company is to close nne potline at its Warrwick, Indiana, smelter and another at Rockdale, Texas, to "adjust" stocks during the current economic downturn.

The twn potlines heing closed have an annual prodnction capacity of 75,000 short tons. About 130 workers are being laid off as a result of the shntdowns.

On the London Metal Exchange yesterday metal prices rose initially following the npward trend in gold, but then fell away in line with gold reacting to rumonrs that the former Shah of Iran had died.

The exception was tin, which gained ground, reflecting a strong recovery in the Penang market overnight.

Free market platinnm prices rose sharply in the morning reaching the highest level for fonr months. However the decline in gold brought a similar fall in platinum to $721.5 (£303.60) a troy onnce. This was still £5.25 np on the previous day, but the market lost further ground in late trading.

London dealers noted that the free market for platinum is now almost totally controlled by speculators, with very little trade involvement.

While free market prices have risen recently, in line with gold, the South African prodncer qnotation remains nnchanged at $420 an onnce.

Demand is reported to *be* poor from the motor and jewellery industries—the two main outlets for prodncer platinum. This is disconraging a rise in the prodncer price nearer to the free market level.

India forecasts increased rubber output

NEW DELHI — India's rubber board said it anticipated a 10 per cent to 12 per cent increase in prodnction to between 155,000 tonnes and 160,000 tonnes of rubber in the year ending next March against 148,470 tonnes in 1979-80.

U.S. hint on grain ban

NEW YORK—Edmund Muskie, U.S. Secretary of State, hinted here that the U.S. could possibly drop its partial embargo on grain sales to the Soviet Union, following pressure from mid-west farmers, if the embargo proved to be ineffective, reports Reuter.

Echoing President Carter's statement earlier this week, Mr. Muskie told the Foreign Policy Association meeting that the embargo had been effective and should be retained to register disapproval of Russia's intervention in Afghanistan. However he noted the effectiveness of the embargo depended on the size of this year's crop on the Soviet Union.

Mr. Muskie said he was not prepared to say at present whether the Administration would yield to pressure from U.S. farmers for the embargo to be lifted if the Soviet harvest was substantial and the embargo proved ineffectual.

U.S. officials said this was an indication that the embargo might be dropped, if it was seen not to be working.

They pointed out that Ronald Reagan, Republican Presidential candidate bad recently called for the grain embargo—imposed in January—to be lifted on the grounds that it was ineffectual. The Administration is known to be increasingly concerned by the growing opposition to the embargo from U.S. farmers in presidential election year.

The latest forecast from the U.S. Department of Agriculture estimates this year's Soviet grain crop at between 190 to 220m tonnes. This compares with the poor 1979 outurn of 178m tonnes but is still far below the record 1978 crop of 237m tonnes.

Mr. Muskie said the Soviet Union needs around 210m tonnes to feed its population. On this basis if the Russians do achieve a crop at the upper end of the U.S. forecast, the need for grain imports could be cut back drastically from the big amounts needed to make up for the 1979 crop shortfall.

Meanwhile Bob Bergland, U.S. Agriculture Secretary said he will make certain the Soviet Union includes wheat as well as maize (corn) in its grain purchases during the fifth year of the US-USSR grain supply agreement, the National Association of Wheat Growers said.

Mr. Bergland, in a letter to Mr. Jack Felgenhauer president of the Wheat Growers Association, said USDA will make certain that Russian obligations are fully met as regards the proportion of wheat to maize it buys in the year beginning October 1, 1980.

Mr. Felgenhauer bad asked the administration for assurances that purchases of wheat and maize were equitable, including at least 3m to 5m tonnes of wheat.

Mr. Bergland said "considering the other difficulties already facing our trade with the USSR for the year ahead, we do not feel it would be practical at this stage to try to force a new interpretation or depart from past practices by, in effect, requiring a higher minimum for wheat."

The Commerce Department bas proposed licensing procedures calling for export of 8m tonnes, but no more than 5m of either wheat or maize.

● A mission from the Soviet Union bas arrived in Buenos Aires to negotiate a medium-term agreement covering the purchase of Argentine grains and oilseeds, according to the Argentine Grain Board.

The Board could not say what quantities are likely to be involved but thought the figure of 4m tonnes annually quoted by an Argentinian newspaper yesterday seemed too high.

The mission is expected to stay in Argentina until the weekend.

Coffee down sharply

COFFEE PRICES fell sharply on the London and New York futures markets yesterday, inspite of reports that further exporting countries had decided to suspend sales at present levels. On the London Robusta futures exchange the September position dropped by £56 to close at £1,427.5 a tonne. In New York coffee futures fell the permissible limit-down at 6 cents a pound in early trading.

The decline was attributed by traders to selling by speculators taking their profit after the recent sharp rise. It was believed there might also have been some selling by the Bogota group of producers.

London traders claimed that two other members of the group—El Salvador and Nicaragua—have withdrawn from the market in line with other Latin and Central American producing countries, led by Brazil. No official announcement is expected since neither of the two countries bave official export registration systems.

KUALA LANGAT PROJECT

Boost to Malaysia's tin industry

BY WONG SULONG IN KUALA LUMPUR

AFTER a decade of decline, Malaysia's tin industry is on the move again. Partners in the Kuala Langat project, Malaysia's big new tin mining venture, have hailed the agreement signed recently as the start of a new era of expansion.

Malaysia's tin industry is being revitalised but the rules of the game are vastly different from those of the 1960s — they are now clearly spelt out and foreign investors know what is involved. The 1970s was a decade of anxiety and frustration for mining companies, particularly foreign owned groups. It began with the Government's new economic policy which sought to place 70 per cent ownership of the corporate sector in local hands.

This policy was neither radical or objectionable. But the way in which it was applied to the mining sector, added to the vagaries of the State Governments controlling the land, created what is now considered to be unnecessary frustration and delays.

Because of the uncertainties associated with the government's new economic policy, foreign investments came to a virtual halt during the 70s. This, coupled with the rapid exhaustion of easily-mined deposits brought a fall in production. From a peak of 76,000 tonnes in 1972, Malaysia's tin output fell steadily to 58,700 tonnes in 1977.

The budget introduced a new tax regime for Malaysian commodity exports, based on production costs with a maximum of 50 per cent on export duty irrespective of how high the price rose.

The tin industry stands to gain 162m Ringgit (£32m) for this year in reduced taxes.

Datuk Paul Leong, the Minister of Primary Industries, is lobbying his cabinet colleagues for a new deal to attract foreign investment in mining.

He argues the exhaustion of easily-mined reserves means that new mining ventures will be more risky and expensive and the 30 per cent restriction on foreign ownership should be relaxed, at least during the initial years of the venture, to encourage investors to take the risks.

"There is plenty of tin and other minerals, but they are in the less accessible parts, and finding and taking them out from ground will be costly and risky," he says.

The Kuala Langat project is a good example. The tin lies at depths exceeding 150 feet, and mining it will require technology never used in Malaysia before. The three dredges to be built are expensive — 50m ringgit each, compared with 20m for a conventional dredge.

The two partners in the venture, Kumpulan Peransang, the mining arm of the Selangor Government (which has 65 per cent), and Malaysia Mining Corporation (MMC), (which has 31 per cent) expect to invest 200m ringgitt in the project.

If all goes well, production will begin in 1985 at 37,000 piculs (4.932m lbs), rising to 120,000 piculs annually from 1991.

MMC intends to implement a five-year plan of exploration and development on its mining leases, and expects its production (it accounts for 23 per cent of Malaysia's output) to rise steadily.

Recently, it announced plans for six companies under its aegis to merge into a single group, based in Perak State. This will facilitate negotiations with the state government on mining matters and combine financial and management skills necessary to undertake new ventures.

With its tin industry now poised for expansion, Malaysia looks forward to an early conclusion of the sixth international tin agreement that will allow miners to operate profitably and with minimum price and market distortions.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Little changed on balance on the London Metal Exchange. After opening at £935—reflecting the strong performance in U.S. markets overnight—forward metal held in the £930's throughout the morning and moved up to touch £938 in the early afternoon following renewed demand in the U.S. and the firmness of gold. However, a downturn in the latter and profit-taking in the U.S. caused a sharp setback which left three months metal at £922.5 on the late kerb, after £921. Turnover 20,375 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	911-.5	+12½	903-4	—1
3 months	933-.5	+19	925-.6	—2
Settlem't	911.6	+12.5	—	.....
Cathodes				
Cash			876-8	—3.0
3 months	886-6	+8	900-4	—1.5
Settlem't	909-10	+10.5	—	.....
U.S. Prod	886	+8	*88-90	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £910, 11, three months £933, 35, 34.5, 34, 33, 32.5, 32, 32.5, 33. Cathodes, cash £887, 88, 87, three months £911, 10. Kerb: Wirebars, three months £934, 33.6, 34, 34.5. *Afternoon:* Wirebars, three months £933, 32, 31, 27, 26, 25, 26, 25.5. Kerb: Wirebars, three months £926, 27, 26, 25.5, 25, 24.5, 24, 23.5, 23, 22, 21, 22, 23.

TIN—Gained ground following a sharp recovery on the Penang market and good demand for cash material which caused a £14 backwardation at one point. Forward metal was marked up to £7,245 on the early pre-market and moved ahead to £7,280 by the afternoon. However, profit-taking and the downturn in copper pared the price to £7,260 by the close of the late kerb. Turnover 925 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7280-90	+65	7270-5	—57.5
3 months	7280-90	+65	7270-5	—57.5
Settlem't	7890	+60	—	.....
Standard				
Cash	7280-90	+85	7270-5	—87.5
3 months	7280-90	+20	7870-5	+56
Settlem't	7290	+95	—	.....
Straits E.	$28161	+58	.....	.....
NewYork	—	.....	.....	.....

Morning: Standard, cash £7,280, 90, three months £7,270, 80, 70, 80. Kerb: Standard, cash £7,285, three months £7,280. Afternoon: Standard, three months £7,280, 75, 70, 80. Kerb: Standard, three months £7,260.

LEAD—Barely changed on balance. *Forward* metal moved up from £346 to £351 during the morning, reflecting the initial strength in copper but eased back to close the afternoon kerb at £347.5 owing to profit-taking and hedge selling. Turnover 11,325 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	340.5-1	+6.25	337-9	+8
3 months	348-9	+6	345-6	+2
S'ment	341	+6	—	.....
U.S. Spot	—	.....	*35-40	.....

Morning: Cash £340, 42, 41.5, three months £351, 60, 49, 48. Kerb: Three months £348. Afternoon: Three months £347, 48, 47, 47.5, 47, 48. Kerb: Three months £347, 48, 47.

ZINC—Moved narrowly in quiet trading with forward metal finally £312.5 on the late kerb after £315. Turnover 3,650 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	302-4	—	301-2.5	—2.75
3 months	313-.5	—	313-.5	—3.25
S'ment	304	—	—	.....
Primw'ts	—	.....	*35.5	.....

Morning: Three months £315, 14, 13.5. Afternoon: Three months £313, 12, 12.6. Kerb: Three months £313.

ALUMINIUM—Held steady in subdued trading with forward metal finally quoted at £716.6 on the late kerb. Turnover 4,625 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	725-.5	+6.25	782-4	+2.5
3 months	717.5-8.5	+5.5	716-7	+2.25

Morning: Cash £724, 25, 25.6, three months £717, 18, 17.5. Afternoon: Cash £723, three months £717, 18, 18. Kerb: Three months £716.

NICKEL—Lost ground. After holding steady around the £2,860 level for most of the morning forward metal came under pressure during the afternoon as selling from two quarters depressed the price to a low of £2,790 before a close on the late kerb of £2,800. Turnover 588 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2845-50	+17.5	2790-810	—57.0
3 months	2860-5	+6	2800-10	—62.0

Morning: Cash £2,850, three months £2,870, 65, 60. Kerb: Three months £2,860. Afternoon: Cash £2,800, 10, three months £2,855, 60, 40, 30, 35, 30, 2,800. Kerb: Three months £2,800, 2,795, 2,790, 95, 2,800.

* Cents per pound. $ M$ per picul. † On previous unofficial close.

SILVER

Silver was fixed 22p an ounce higher for spot delivery in the London bullion market yesterday at £7.3320. U.S. equivalents of the fixing levels were: spot $17.46, up 66c; three-month $17.858, up 66c; six-month $18.30, up 67c; and 12-month $19.173, up 69c. The metal opened at £7.30-£7.45 ($17.45-$17.75) and closed at £7.20-£7.35 ($17.10-$17.40).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	733.20p	+22	729p	+11
3 months	761.70p	+21.7	757p	+8.75
6 months	787.50p	+22	—	.....
12 months	833.40p	+25.1	—	.....

LME—Turnover 188 (112) lots of 10,000 ounces. Morning: Three months 760, 61, 62, 60, 61, 62, 61, 60. Kerbs: Three months 759. Afternoon: Three months 752, 50, 49, 48, 49, 50, 49, 55, 54, 55. *Kerb:* Three months 755, 53, 49, 48, 46, 48.

COTTON

LIVERPOOL—No spot or shipment sales were recorded for the second *trading day in succession. Activity in* the *markets* was at an extremely low ebb, users showing little inclination to anticipate their requirements. Even demand was restricted, and operations in various American-type styles were few and far between.

COCOA

During a dull day futures continued to be locked within a narrow trading range and closed at the upper end, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
July	1055-1065	+11.0	1065-1060
Sep	1065-1067	+9.5	1065-1061
Dec	1109-1110	+8.5	1111-1103
March	1149-1150	+7.6	1150-1144
May	1169-1173	+7.0	1172-1166
July	1199-1190	+4.5	1163-1187
Sept	1205-1214	+1.0	1614

Sales: 1,322 (1,257) lots of 10 tonnes.

COFFEE

[illegible]

GRAINS

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

POTATOES

[illegible]

JUTE

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

[illegible]

MEAT/VEGETABLES

[illegible]

Cyprus: Cardinal 0.75, Perlette 0.70, Sultana 0.85; Portuguese: Cardinal 0.50; Israeli: approx. 9-lb 5.40. Melons—Israeli: Galia 4.00; Spanish: Marine 5/6s 2.40, Ogen 3.00, Galia 3.00, Yellow 10 kilos 4.00-6.00. Water-Melons—Israeli: 5.00; Spanish: 3.50. Bananas—Jamaican: 28-lb, per pound 0.17. Tomatoes—Dutch: 3.00-3.10; Guernsey: 2.50-3.10; Jersey: 2.90; French: 2.40. Onions—Spanish: 6.20-6.40; Texas: 7.50; French: 6.50. Potatoes—Cyprus: New crop 20-kg 4.20; Jersey: 4.00. Carrots—French: 26-lb 2.60; Italian: 2.20. Beetroots—Cyprus: New crop, approx. 28-lb 1.50. Cabbages—Dutch: White 2.80-3.20. Courgettes—French: Per pound 0.25. Capsicums—Dutch: 5.00; Italian: 4.00; Spanish: 3.80.

English Produce: Potatoes—Per bag, new 2.80-2.80. Mushrooms—Per pound 0.40-0.65. Apples—Per pound Bramley 0.14-0.22. Strawberries—English per ½-lb 0.15-0.25. Cabbages—Per bag 1.00. Cauliflowers—Per 12s English 2.00-3.00. Peas—Per pound 0.18-0.20. Broad Beans—Per pound 0.08. Beetroots—Per bag 2.00. Cucumbers—Trays 10/20s 1.50-1.70. Tomatoes—Per 12-lb 2.60-2.80. Lettuce—Per pound round 0.90-1.00, Cos 1.00, Webbs 1.00. Carrots—New crop 28-lb 2.50-3.30. Rhubarb—Per pound outdoor 0.06. Onions—Per bag 6.00-6.40. Celery—English 12/30s 3.00-3.20. Gooseberries—Per pound 0.13-0.15, Levellers 0.20-0.30. Cherries—Per pound 0.45-0.50. Marrows—Each 0.25.

*

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £5.50-£6.00, codlings £2.40-£3.00; large *haddock* £3.60, medium £2.00-£3.30, small £1.20-£2.00; large plaice £5.40-£6.80, medium £4.80-£5.60, best small £3.20-£4.20; large skinned dogfish £6.50, medium £4.50; large lemon soles £6.50, medium £6.00; reds £1.00-£1.60; saithe £2.80-£3.20.

AMERICAN MARKETS

NEW YORK, July 8.

THE LIVESTOCK complex was mostly mixed on light seasonal marketings. Sugar again was limit down because of technical selling and spot offerings. Coffee was severely depressed because of producer selling and lack of roaster interest. Cocoa declined on heavy [illegible]

Live Cattle—Aug. 70.70-70.80 (71.00), Oct. 68.70-68.60 (68.67), Dec. 69.00-69.10, Jan. 69.80, Feb. 69.85-69.80, April 70.50, June 71.50.

Live Hogs—July 42.70-42.80 (42.50), Aug. 41.50-41.40 (41.10), Oct. 41.00-40.85, Dec. 44.00-43.85, Feb. 46.65-46.80, April 45.72, June 47.80, July [illegible]

EUROPEAN MARKETS

ROTTERDAM, July 8.

[illegible] Red Winter July $189, Aug. $191, Sept. $197. U.S. No. 2 Northern Spring, 14 per cent, July $213, Aug. $213, Sept. $216, Oct. $220, Nov. $222, Dec. $229. Rest unquoted.

Maize—Afloat $143, June $143, July $144, Aug. $145, Sept. $146.50, Oct.-Dec. $152, Jan.-March $160, April-June 164.

Soyabeans—U.S. Two Yellow Gulf-ports afloat $289.50, July $290, Aug. $281.50, Sept. $295.50, Oct. $299, Nov. $299, Dec. $305, Jan. $308.25, Feb. $313.75, March 318.25, April $319.50 [illegible] $232, July $231, Aug. $239, Sept. $232, Oct. $248, Nov.-March $257. Brazil Pellets July $244, Aug. $248, Sept. $253, Oct. $257, Nov.-March $269.

PARIS, July 8.

Cocoa (FFr per 100 kilos)—July unquoted, Sept. 1002-1010, Dec. 1020-1040, March 1055-1075, May 1070-1090, July 1080-1100. Sales at call 0.

Sugar (FFr per 100 kilos)—Aug. 2910-2930, Oct. 3030-3040, Nov. unquoted, Dec. 3120-3125, March 3251-3295, May 3240, July 3240, Aug. 3240. Sales at call 15.

INDICES

FINANCIAL TIMES

July 7	July 4	Mnth ago	Year ago
278.60	278.46	257.07	295.46

(Base: July 1, 1952=100)

MOODY'S

July 7	July 3	M'nth ago	Year ago
1184.2	1188.3	1136.1	1087.2

(December 31, 1931=100)

DOW JONES

Dow Jones	July 7	July 3	Month ago	Year ago
Spot	428.82	425.10	416.04	415.66
F'tur's	444.58	448.74	433.77	428.57

(Average 1924-25-26=100)

REUTERS

July 8	July 7	M'nth ago	Year ago
1691.3	1685.9	1664.0	1598.2

(Base: September 18, 1931=100)

Markets unable to hold good early gains and boil over
June banking statistics fail to inspire Gilt-edged

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
June 30	July 10	July 11	July 21
July 14	July 24	July 25	Aug. 4
July 28	Aug. 7	Aug. 8	Aug. 18

* "New time" dealings may take place from 8 am two business days earlier.

Overnight confidence spilled over into the early trade yesterday in London stock markets which soon extended the recent upsurge. Government securities added to Monday's late gains and put on nearly a full point on fresh overseas and domestic investment support. Most leading shares followed with gains ranging from a penny to double figures as both markets awaited the mid-afternoon announcement of the latest banking statistics.

Business in all sectors continued initially at the recently enhanced levels but faded quite abruptly shortly before noon when profit-takers began to make their presence felt. Improvement in Gilts were soon reduced to about ½ and then erased completely on the June banking figures which suggested that sterling M3 had grown during the month by around ¾ per cent, more than had been expected.

For the remainder of the session, the Gilt market was volatile ahead of today's applications for the new £20-paid long tap stock, Treasury 12 per cent 1987, and at the close recorded diverse movements ranging from sporadic gains of ¼ to losses of that amount. Once again, the shorter end of the market was more prone to easiness than longer-dated stocks.

The trading pattern in equities also lacked uniformity in the later stages. Some sectors maintained a firm tone while others turned distinctly easier as buyers became more selective. Leading shares depicted the mixed conditions with GKN up 8 at 254p and Beecham down 10 at 149p. After looking set to breach the 500 barrier, the FT 30-share index, up 2.3 at the 11.00 am calculation, closed with a net fall of the same amount at 492.7. News of the miners' militancy over pay caused some potential buyers to withhold their funds.

Fairly active trading conditions prevailed in the Traded options market and by the close 2,161 deals had been completed compared with the previous day's 2,346. Grand Metropolitan attracted a good business with 325 contracts done but Courtaulds were also popular, recording 287.

Advertising agency concern **Harrison Cowley** staged a quiet market debut; from an opening level of 78p, the shares traded between narrow limits and closed at 79p compared with the placing price of 75p. The shares are dealt under Rule 163 (2). Yesterday's official London listing of **Global Natural Resources** common shares also passed off quietly with the price barely tested at 465p.

Banks below best

Up to 8 higher initially following renewed support ahead of the interim dividend season due to start next week, the major clearing banks drifted easier with the general trend in the wake of the latest lending figures to close with improvements limited to 3. Still reflecting the current firmness of gilts, *Discounts scored useful gains.* **Cater Ryder** stood out with a rise of 13 to 345p. **Seccombe** *Marshall and Campion* were also notable at 245p, up 10, as were **Alexanders**, up 8 at 248p, and **Gerrard and National**, 7 higher at 262p. Renewed firmness was seen in Hire Purchases where **Catties Holdings** put on 3 to 35½p. **UDT**, however, softened a penny to 63p on a reported bid denial. In merchant banks, *Hambros were again outstanding* with a rise of 9 to 516p, after 520p, on persistent investment demand. Among foreign issues, **ANZ** edged forward a couple of pence more to 240p; prices in recent issues were in error.

Breweries made a steady to firm showing, with **Allied** hardening a penny to 89p after the annual *statement*.

Leading Building issues often took recent useful gains a stage further, **Blue Circle** adding 6 to 374p and **BPB** a couple of pence to 225p. Among Contracting and Constructions, **Wimpey** rose 3½ *for a two-day gain of 6½ to 80p*, after 81p, while **Costain** firmed 6 more to 184p. **Brown and Jackson** rose 12 to 140p in response to the successful rights issue. Elsewhere, **Burnett and Hallamshire** came in for support and gained 20 to 685p in a thin market, but **Heywood Williams** lost 4 to 68p on second thoughts about the annual results. Timber issues revived under the lead of **Mallinson-Denny**, up 2 at 55½p ex rights; the new nil paid shares opened at 3p premium, touched 6p premium, and closed at 5½p premium.

A couple of pence firmer initially, **ICI** finished 2 cheaper on balance at 386p as sellers gained the upper hand. **Fisons** also closed 2 off at 262p, after 260p, but **Plysu**, 102p, **Stewart Plastics**, 94p, and **Brent Chemicals**, 154p, all firmed 4.

Harris Queens slump

A sharp downward revision of an earlier profits forecast made by the company's brokers sparked off nervous selling of **Harris Queensway** which fell steadily and closed 30 down at the day's lowest of 143p. Elsewhere in Stores, dealings in **Polly Peck** were resumed after details of the group's proposed £1.58m rights issue which is being made in order to finance its acquisition of Uni-Pac Packaging Industries; opening a couple of pence below the suspension level of 85p, the shares surged forward in active trading to close at the day's best of 128p. **Courts (Furnishers)** "A" cheapened 2 to 68p on the lower earnings and **Lincroft Kilgour** dipped a similar amount to 24p on the interim dividend omission and profits contraction. **John Menzies** found support at 250p, up 7, while **Currys** rose 6 to 210p and **Home Charm** 8 to 97p. In Shoes, **Strong and Fisher**, 56p, and **Stylo**, 160p, rose 4 and 5 respectively but **Booth (International)** shed 3 to 30p.

Renewed demand in the early dealings took **GEC** to 452p but *a later reaction left the close* unaltered on the day at 446p. Elsewhere in the Electricals leaders, **Racal** drifted off to close a few pence lower at 268p. Investment demand left **Ferranti** 24 to the good at 619p, while **Rediffusion** improved 2 to 90p, the latter on the encouraging tenor of the annual report.

Selective support was evident in the Engineering sector which closed with useful rises in places. Among the leaders, **GKN** improved afresh to 259p before settling at 254p for a rise of 8. **John Brown** hardened 2 to 53½p *but Tubes ended without alteration* at 276p, after 282p. Elsewhere, rises of 10 were marked against **Matthew Hall**, 248p, **B. Elliott**, 260p, and **Victor Products**, 188p, while **Laird Group** were prominent for a rise of 9 at 94p, after 96p.

In Foods, **Tate and Lyle** touched 160p before reverting to the overnight level of 156p, while **British Sugar** eased 4 to 238p on profit-taking. **Unigate**, annual results due a week tomorrow, added 4 for a two-day gain of 8 to 137p. **Hazelwood's** were quoted at 94p ex all, up 7, while the new nil paid shares opened at 11p premium and closed at 15p premium.

Beecham down

The miscellaneous industrial leaders turned reactionary yesterday on sporadic profit-taking and the withdrawal of support. **Beecham** became a *notable casualty, falling 10* to 149p after adverse comment on the annual report which promoted a sympathetic fall of 6 to 234p in **Glaxo**. A reported denial of recent suggestions that Barlow Rand are possible suitors left **Turner and Newall** 8 lower at 122p. Elsewhere, **Hays Wharf** rose 6 to 258p on hopes of an increased offer from the Kuwait Investment Office, while **Bestobell** gained 8 more to 282p on hopes that BTR will return with a second bid as soon as the obligatory waiting period ends in the middle of next month. Reflecting vague suggestions of a possible bid from GEC, **Chubb** added 5 to 122p, while **Tebbitt** hardened 2 to 29p in response to the previous day's announcement that Mr. John Bentley had acquired a near-13 per cent stake in the company. **London Midland Industries** rose 8 to 122p following the sharp increase in preliminary profits and **Christies International**, still on a broker's favourable circular, added 8 afresh to 230p. **Holt Lloyd International** found support at 237p, up 11, while improvements of *7 and 8 respectively were seen* in **Steetley**, 185p, and **Vinten**, 136p. **Negretti and Zambra** jumped 8 to 46p, but **Jardine Matheson** shed 4 to 182p following the board's bid denial. **R. W. Toothill** fell 3 to 30p on the annual deficit.

Court allegations of breaches in the gaming laws unsettled **Coral Leisure** which shed 4 to 62p. **Associated Leisure** lost 2 to 97p on disappointing annual results.

Bristol Evening Post hardened 2 to 138p on the good annual results, while **John Waddington** *improved* 6 to 122p with the chairman's optimistic statement eclipsing the lower preliminary profits.

Properties took on a slightly easier appearance as recent interest waned. **Avenue Close** eased 2 to 128p on the lower annual profits. The proposed £4m rights issue which accompanied the higher annual profits made no apparent impact on **McKay Securities**, unaltered at 170p.

Oils down afresh

Still reflecting comment suggesting that the recent sharp rise in exploration issues had been overdone, secondary Oil encountered fresh offerings. **Attock** gave up 10 more to 258p and **Clyde** closed similarly lower at 560p, while **Berkeley Exploration**, 238p, and **Aran**, 450p, eased 8 apiece. **Sovereign** lost 7 to 275p. Elsewhere, **Shell** encoun*tered scattered support* at 410p, up 6, while **BP**, unchanged at 358p, became a much steadier market after the previous day's reaction on terms of the group's bid for Selection Trust. **Lasmo**, however, met selling and closed 20 lower at 785p.

Golds surge ahead

South African Golds recaptured the limelight from the Australian mining and oil and gas issues as persistent and sizeable demand from most international centres followed the fresh advance by the bullion price: the latter registered its eighth successive rise and closed $6 up at $682.5 an ounce—its highest since February 13.

The Gold Mines index, 9.7 up at 373.8, reached its highest for over four months.

Prices opened on a strong note, reflecting good demand in overnight American markets, and continued to move ahead throughout the day prior to easing in the after-hours' trade on small-scale profit-taking.

Financials made good progress reflecting the buoyancy of Golds. The South Africans, were featured by heavy buying of **De Beers**, 8 higher at 420p, ahead of the half-year diamond sales figure. "**Amgold**" and **GFSA** both closed around a point higher at £40 and £35¾ respectively.

London Financials staged a broad advance with the notable exception of **Tanks**, which dipped 6 to 340p on profit-taking ahead of the quarterly report from the Ashton diamond venture in Western Australia.

RTZ put on 15 to 472p, after 474p, and **Gold Fields** 5 to 560p, after 563p. **Charter** were active and finally 3 up on balance at 212p, after a 1980 high of 215p, reflecting the benefits that could follow the BP *acquisition* of **Selection Trust**; the latter held steady at £12¼.

Another hectic day's trading was reported in Australians, which were mixed throughout the day before coming under heavy profit-taking after-hours.

Samantha and **Samson** were particularly vulnerable with the former 20 down at 116p and the latter 10 lower on balance at 64p. **Greenvale Mining** dropped 35 to 220p and **International Mining** 5 to 45p.

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	500	64	—	75	14	86	—	566p
BP	550	34	—	60	13	66	—	"
BP	560	12	25	36	16	48	2	"
BP	390	4	—	20	50	34	—	"
BP	420	1	—	12	6	—	—	"
Com. Union	120	42	—	48	1	52	—	162p
Com. Union	140	22	57	26	4	34	—	"
Com. Union	160	7	15	14	46	20	—	"
Cons. Gold	500	62	7	95	—	108	—	560p
Cons. Gold	550	21	16	60	57	72	—	"
Cons. Gold	600	4	14	56	14	46	50	"
Courtaulds	60	28½	10	31	—	32¼	2	86p
Courtaulds	70	16½	—	21½	44	24¼	11	"
Courtaulds	80	6½	33	15	34	17	—	"
Courtaulds	90	2	17	9½	150	16½	6	"
GEC	390	82	10	81	—	87	—	449p
GEC	420	52	19	56	41	74	1	"
GEC	460	6	6	66	11	50	—	"
Grand Met.	130	57	—	41	6	47	10	166p
Grand Met.	140	27	69	36	16	58	10	"
Grand Met.	160	8	27	16½	92	26	16	"
Grand Met.	180	2½	—	6½	43	17	16	"
ICI	360	33	5	44	—	56	—	389p
ICI	390	8½	36	21	20	38	3	"
ICI	460	1½	—	10	14	—	—	"
Land Secs.	525	26	1	45	40	57	—	345p
Land Secs.	553	7	1	28	6	38	—	"
Marks & Sp.	80	17	61	21	—	23	—	96p
Marks & Sp.	90	7½	57	15	16	16	3	"
Marks & Sp.	100	2	38	7½	11	11½	44	"
Shell	360	56	5	66	5	80	—	411p
Shell	390	27	56	43	10	56	—	"
Shell	420	6	86	24	28	35	6	"
Totals			617		771		176	

Option	Ex'rcise price	August Closing offer	August Vol.	November Closing offer	November Vol.	February Closing offer	February Vol.	Equity close
Imperial Gp.	70	20	—	22½	—	65½	2	89p
Imperial Gp.	80	10½	102	13	2	17½	—	"
Imperial Gp.	90	4½	69	7½	2	11½	66	"
Lonrho	100	15½	30	30	13	25	3	109p
Lonrho	110	9	16	15	38	16	—	"
P. & O.	110	17½	—	24	2	26½	10	165p
P. & O.	120	10	34	16½	10	16	6	"
Racal Elec.	200	69	5	81	5	—	—	268p
Racal Elec.	240	32	21	47	—	58	—	"
Racal Elec.	260	16	36	55	6	44	—	"
Racal Elec.	280	6	17	23	55	33	2	"
RTZ	590	87	60	105	—	125	—	475p
RTZ	460	35	15	50	26	75	—	"
RTZ	500	19	11	—	—	—	—	"
Totals			355		163		69	

FINANCIAL TIMES STOCK INDICES

—	July 8	July 7	July 4	July 3	July 2	July 1	A year ago
Government Secs.	70.39	70.34	69.97	69.92	69.59	69.09	73.20
Fixed Interest	71.56	71.43	71.17	71.02	70.81	70.75	74.74
Industrial	492.7	495.0	483.8	480.1	465.8	461.4	475.7
Gold Mines	373.8	364.1	360.6	358.4	361.4	354.7	183.3
Ord. Div. Yield	7.36	7.34	7.50	7.60	7.76	7.80	5.61
Earnings, Yld. %(full)	17.91	17.84	17.98	18.13	18.76	18.88	16.59
P/E Ratio (net) (*)	6.77	6.79	6.76	6.71	6.48	6.45	7.52
Total bargains	30,557	27,696	26,151	22,555	22,725	22,212	—
Equity turnover £m.	—	145.90	171.09	169.78	223.39	123.76	63.99
Equity bargains total	—	20,295	16,764	18,492	16,409	18,134	12,741

10 am 497.1. 11 am 497.3. Noon 494.0. 1 pm 495.7.
2 pm 496.4. 3 pm 494.9.

Latest Index 01-246 8026.

*Nil = 6.31.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	70.53 (20/6)	63.86 (7/5)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	71.56 (8/7)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	495.0 (7/7)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (28/2)	265.5 (18/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	July 8	July 7
—Daily		
Gilt Edged	154.1	126.4
Industrials	162.3	142.3
Speculative	53.6	58.4
Totals	111.9	96.8
5-day Avge.		
Gilt Edged	156.1	184.0
Industrials	142.0	130.8
Speculative	59.9	59.8
Totals	87.7	90.7

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	24	28	39
Corpns. Dom. and Foreign Bonds	17	—	49
Industrials	419	154	821
Financial and Prop.	280	67	150
Oils	7	25	21
Plantations	7	10	3
Mines	69	25	65
Others	46	55	67
Totals	869	364	1,215

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (337)

BRITISH FUNDS (8)
CORPORATION LOANS (3)
COM'WEALTH & AFRICAN LOANS (1)
LOANS (3)
FOREIGN BONDS (1)
AMERICANS (4)
CANADIANS (1)
BANKS (10)
BEERS (7)
BUILDINGS (12)
CHEMICALS (2)
DRAPERY & STORES (4)
ELECTRICALS (13)
ENGINEERING (14)
FOODS (6)
INDUSTRIALS (37)
INSURANCE (5)
MOTORS (3)
NEWSPAPERS (1)
PAPER (1)
PROPERTY (10)
SHIPPING (2)
TEXTILES (3)
TOBACCOS (2)
TRUSTS (172)
OIL & GAS (1)
OVERSEAS TRADERS (4)
TEAS (1)
MINES (4)

NEW LOWS (9)

CHEMICALS (1)
Thurgar Bardex
STORES (2)
Courts A. Lincroft Kilgour
ELECTRICALS (1)
Muirhead
INDUSTRIALS (3)
Aero Needles Toothill (R. W.)
Stocklake
LEISURE (1)
Black & Edgington
MOTORS (1)
Jessups

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS
Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Tues., July 8, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., July 7 Index No.	Fri., July 4 Index No.	Thur., July 3 Index No.	Wed., July 2 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	271.25	+1.2	17.14	6.03	7.08	268.11	262.23	255.73	252.01	243.96
2	Building Materials (28)	258.93	+1.3	17.91	6.43	6.60	255.66	251.15	243.93	241.63	224.02
3	Contracting, Construction (27)	397.82	+2.7	23.20	6.15	5.14	387.28	377.90	366.26	363.55	356.31
4	Electricals (16)	752.84	+0.4	13.13	3.47	9.44	750.12	726.17	710.20	672.15	584.64
5	Engineering Contractors (11)	322.44	+3.1	21.06	8.04	5.96	312.83	310.34	306.43	305.14	379.99
6	Mechanical Engineering (74)	179.46	+1.5	17.82	7.36	6.87	176.86	173.74	169.06	166.76	181.61
8	Metals and Metal Forming (16)	171.52	+1.2	21.08	9.90	5.69	169.56	167.94	164.54	162.41	166.97
	CONSUMER GOODS										
11	(DURABLE) (49)	228.19	—	14.13	5.64	8.70	228.10	222.97	218.98	217.07	228.29
12	Lt. Electronics, Radio, TV (14)	337.96	−0.1	10.88	4.04	11.71	338.44	329.56	322.23	320.56	311.55
13	Household Goods (14)	103.46	+1.5	23.13	10.22	5.47	101.98	102.11	100.66	99.15	159.09
14	Motors and Distributors (21)	102.37	+0.3	22.40	9.70	5.19	102.06	100.45	99.94	98.11	116.72
	CONSUMER GOODS										
21	(NON DURABLES) (172)	240.12	—	17.28	6.69	6.98	240.09	235.85	231.33	226.68	234.46
22	Breweries (14)	306.45	+0.3	14.77	6.00	7.91	305.64	301.16	292.41	281.99	276.65
23	Wines and Spirits (5)	322.92	+0.9	16.87	5.78	7.30	320.12	309.59	303.57	295.82	303.17
24	Entertainment, Catering (17)	349.15	−0.2	16.54	6.41	7.50	349.80	342.09	335.07	329.73	319.88
25	Food Manufacturers (21)	216.99	+0.2	18.52	6.87	6.36	216.50	214.15	209.65	205.57	203.18
26	Food Retailing (13)	339.64	+0.6	12.40	4.66	9.63	337.47	331.86	325.26	324.47	295.22
32	Newspapers, Publishing (13)	452.76	−0.3	21.08	6.46	6.40	453.98	455.88	448.99	445.98	421.27
33	Packaging and Paper (15)	136.74	+0.2	26.13	9.57	4.45	136.46	134.18	131.56	129.23	125.71
34	Stores (42)	226.41	−0.6	13.57	5.45	9.49	227.73	223.28	221.24	216.75	259.30
35	Textiles (24)	140.11	−0.3	23.31	11.08	5.22	140.47	139.13	136.67	133.46	158.09
36	Tobaccos (3)	239.09	+0.4	25.51	9.69	4.44	238.18	232.14	224.53	220.10	243.07
37	Toys and Games (5)	27.24	+1.1	44.63	13.99	2.60	26.95	27.25	27.25	27.39	69.29
41	OTHER GROUPS (99)	227.81	−0.5	16.30	6.76	7.29	228.85	225.70	221.04	217.51	199.49
42	Chemicals (16)	324.45	−0.6	19.13	7.43	5.99	326.53	323.39	321.67	315.50	275.26
43	Pharmaceutical Products (7)	231.93	−3.8	10.91	5.96	11.33	241.07	235.18	225.72	219.36	214.31
44	Office Equipment (6)	114.32	+1.2	19.05	7.26	6.00	112.95	112.52	107.11	107.56	121.13
45	Shipping (10)	579.49	−0.9	13.25	6.09	9.20	584.76	571.14	566.09	554.61	456.25
46	Miscellaneous (60)	277.72	+1.2	16.32	6.56	7.51	274.52	271.15	264.80	262.31	241.96
49	INDUSTRIAL GROUP (492)	251.83	+0.2	16.79	6.46	7.18	251.32	246.76	241.60	237.03	234.77
51	Oils (8)	806.63	+0.5	28.63	6.38	3.86	802.91	823.35	824.30	818.91	692.00
59	500 SHARE INDEX	295.80	+0.3	19.22	6.45	6.10	295.04	292.31	287.57	282.30	271.40
61	FINANCIAL GROUP (118)	228.26	−0.1	—	5.50	—	228.47	224.59	221.89	219.79	191.91
62	Banks (6)	237.54	+0.5	41.07	6.84	2.98	236.39	233.04	229.92	231.99	238.47
63	Discount Houses (10)	270.48	+2.0	—	6.53	—	265.29	263.26	262.84	261.62	266.04
64	Hire Purchase (5)	235.11	+0.4	13.29	4.26	9.77	234.16	226.22	223.03	216.40	166.52
65	Insurance (Life) (10)	226.56	+0.2	—	5.62	—	226.09	229.09	216.01	213.21	153.28
66	Insurance (Composite) (9)	154.86	−1.0	—	6.95	—	156.43	153.17	151.01	147.79	124.25
67	Insurance Brokers (9)	339.29	−1.3	13.69	6.75	10.03	343.75	334.63	326.05	316.04	248.95
68	Merchant Banks (13)	133.12	+0.3	—	5.06	—	132.68	132.85	131.58	129.69	97.90
69	Property (45)	420.23	−0.1	3.29	2.76	43.08	420.53	414.23	411.94	407.77	353.55
70	Miscellaneous (11)	138.19	+0.3	15.90	6.31	7.99	137.77	137.25	136.33	135.83	118.02
71	Investment Trusts (109)	262.51	+3.0	—	5.29	—	254.78	251.73	245.96	241.98	209.38
81	Mining Finance (4)	247.76	+1.8	10.89	3.98	11.07	243.26	245.63	239.49	236.73	119.83
91	Overseas Traders (19)	405.65	+1.0	12.33	6.98	9.96	401.53	398.65	390.68	387.01	337.20
99	ALL-SHARE INDEX (750)	282.14	+0.4	—	6.13	—	280.95	278.10	273.53	269.16	248.31

FIXED INTEREST PRICE INDICES

	British Government	Tues., July 8	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	106.47	−0.11	—	5.18
2	5-15 years	112.83	+0.01	—	6.77
3	Over 15 years	117.50	+0.07	—	7.39
4	Irredeemables	131.32	+0.33	—	7.24
5	All stocks	111.90	+0.00	—	6.37

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Tues., July 8	Mon., July 7	Year ago (approx.)
1	Low Coupons	5 years	11.54	11.58	10.14
2		15 years	11.51	11.51	10.66
3		25 years	11.51	11.51	11.15
4	Medium Coupons	5 years	12.95	12.89	12.04
5		15 years	13.06	13.05	12.20
6		25 years	13.02	13.03	12.19
7	High Coupons	5 years	13.06	13.01	12.34
8		15 years	13.41	13.42	12.56
9		25 years	13.35	13.36	12.58
10	Irredeemables		11.17	11.20	10.59

		Tuesday, July 8 Index No.	Tuesday, July 8 Yield %	Mon. July 7	Friday July 4	Thurs. July 3	Wed. July 2	Tues. July 1	Mon. June 30	Friday June 27	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	53.55	15.89	53.19	53.08	53.04	55.00	52.88	53.00	55.00	57.58
16	Investment Trust Prefs. (15)	48.97	15.64	49.97	49.87	49.52	49.58	49.34	49.34	49.46	52.09
17	Coml. and Indl. Prefs. (20)	64.61	13.89	64.50	64.42	64.46	64.46	64.55	64.38	64.38	69.85

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
European Ferries	25p	10	184	− 5	189	98
GKN	£1	10	254	+ 8	279	228
Brit. Home Strs. 9%Cn.Un.Ln. '92	Nil/pd.	8	£12pm	− 2	£14pm	£9¼pm
Burmah Oil	£1	8	221	− 3	249	162
GEC	25p	8	446	—	452	326
ICI	£1	8	386	− 4	402	348
Shell Transport	25p	8	410	+ 6	412	314
Berisford (S. & W.) 'New'	Nil/pd.	7	27pm	+ 8	27pm	14pm
BP	25p	7	358	—	412	320
LASMO	25p	7	785	−20	830	337
Marks & Spencer	25p	7	95	—	97	77
Marsh & McLennan	$1	7	£26½	+ ½	£26½	£25
BAT Inds.	25p	6	290	+ 3	290	223
Boots	25p	6	216	− 2	218	158
Burnett & Hallamshire	25p	6	685	+20	685	470

OPTIONS

First Dealing	Last Dealing	Last Declaration	For Settlement
Jul. 7	Jul. 18	Oct. 9	Oct. 20
Jul. 21	Aug. 1	Oct. 23	Nov. 3
Aug. 4	Aug. 15	Nov. 6	Nov. 17

For rate indications see end of Share Information Service

Stocks dealt in for the call included Grand Metropolitan, Pennine Motor, Oil Search, Wilkinson Match, Ultramar, British Petroleum, Bryant Holdings, Basic Resources, Courtaulds, Lonrho, Aran Energy, Charter Consolidated, Coalite, Montague L. Meyer, Tate and Lyle, Turner and Newall, Berkeley Exploration, Premier Consolidated, BSR, Standard Telephones and Cables, Carless Capel, Candecca and London Investment Trust. Puts were arranged in Berkeley Exploration, Distillers and GKN, while doubles were transacted in Jardine Matheson and Wm. Press.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

[illegible]

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	48.9	52.6	—	1.90
Abbey Capital	40.5	43.7	+0.5	4.76
Abbey General	52.6	56.8	+0.6	5.48
Abbey Gilt & F.I. Tst.	110.7	117.8	+1.3	9.12
Abbey Income	47.4	51.2	+0.6	7.88
Abbey Intl. Bd. Tst.	95.6	101.2	−0.6	5.45
Abbey Inv. Tst. Fnd.	43.9	47.5	+1.8	5.38
Equitas Prog. Trust	76.9	83.1	+1.2	5.39

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	88.1	93.9	—	11.93

Allied Hambro Ltd. (a) (b)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459
Balanced Funds

Allied 1st	85.2	91.2	+1.6	5.81
Brit. Inds. Fund	74.4	79.6	+1.2	6.57
Growth & Income	45.7	48.9	+0.6	5.69

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	64.2	69.6	+2.9	4.19

For Cosmopolitan see Chieftain Fund Managers.

Craigmount Unit Tst. Mgrs. Ltd.
40 Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	39.8	43.1	+0.6	11.26
North American	47.5	51.4	−0.3	2.31
Canadian Exempt*	60.7	64.8	+1.1	3.80
Canadian Trust	57.8	62.6	−0.5	2.65
Mid Mount High Inc.*	50.2	53.2	+1.8	9.30
Recovery	55.7	59.2	+0.9	6.97
Gilt Trust	45.7	47.9	+0.1	12.82

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	27.9	30.1	+0.1	1.26
Cres. Internat'l.	61.7	66.4	−0.2	2.63
Cres. High. Dist.	41.7	45.0	+0.3	10.83
Cres. Reserves	49.8	52.9	+0.9	5.67
Cres. Tokyo	20.4	22.1	−0.2	1.00

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	—	25p	—	9.99

Discretionary Unit Fund Managers
Bilbao Hse, 36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. June 27	208.9	222.8	—	5.68

E. F. Winchester Fund Mngt. Ltd.

M & G Group♥ (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588
See also Stock Exchange Dealings.

American	51.0	54.1	—	[illegible]
(Accum. Units)	53.6	56.8	—	[illegible]
American Recovery	50.0	53.0	−0.4	[illegible]
(Accum. Units)	50.8	53.9	−0.5	[illegible]
Australasian	111.3	119.6	−1.7	[illegible]
(Accum. Units)	115.9	121.5	−1.8	[illegible]
Commodity	120.8	128.6	—	[illegible]
(Accum. Units)	138.6	147.6	−0.1	[illegible]
Compound Growth	149.5	160.7	+0.9	4.97
Conversion Growth	100.7	107.2	−0.2	4.97
Conversion Inc.	74.7	77.6	+0.9	4.67
Dividend	131.2	139.7	+0.9	9.32
(Accum. Units)	281.1	299.4	+1.9	9.32
European	61.3	65.3	−0.2	3.70
(Accum. Units)	66.3	70.6	−0.2	3.70
Extra Yield	85.8	93.1	+0.7	9.16
(Accum. Units)	129.6	140.8	+1.1	9.16
Far Eastern	79.3	84.5	−1.0	1.74
(Accum. Units)	89.7	95.5	−1.2	1.74
Fund of Inv. Tsts.	77.3	83.1	+0.5	4.79
(Accum. Units)	102.0	109.6	+0.5	4.79
General	207.4	223.1	+1.5	6.28
(Accum. Units)	351.3	377.6	+2.4	6.28
High Income	108.4	115.4	+1.0	9.83
(Accum. Units)	208.4	221.9	+1.9	9.83
Japan	131.6	140.2	+0.5	0.86
(Accum. Units)	137.6	146.5	+0.5	0.86
Magnum	321.7	341.7	−0.2	4.52
(Accum. Units)	430.8	458.8	−0.3	4.52
Midland	165.7	176.5	+1.1	9.46
(Accum. Units)	305.4	325.3	+2.1	9.46
Recovery	119.4	126.8	+0.6	5.99
(Accum. Units)	131.1	139.6	+0.7	5.99

J. Henry Schroder Wagg & Co. Ltd.♥(a)(c)
120, Cheapside, E.C.2. 01-240 3434

Capital July 3	135.3	145.4	+5.7	3.25
(Accum. Units)	171.8	184.7	+7.2	3.25
Income Fd. July 8	202.4	217.6	+9.8	8.39
(Accum. Units)	337.8	363.2	+16.5	8.39
Gen. July 2	101.4	109.0	—	4.57
(Accum. Units)	135.6	144.8	—	4.57
Europe June 26	25.2	27.0	—	3.90
(Accum. Units)	29.2	31.3	—	3.90
*Pn&Ch Fd June 30	209.0	215.6	—	5.05
*Recovery July 8	254.4	262.2	+10.5	5.56
*Spec. Ex. July 8	336.1	361.4	+7.8	3.45

*For tax exempt funds only

Scottish Equitable Fnd. Mgrs. Ltd.♥
28 St. Andrews Sq. Edinburgh 031-556 9101

Income Units	60.6	63.9	+3.6	5.22
Accum. Units	74.8	79.6	+4.4	5.21

Dealing day Wednesday.
For Sebag see Carr, Sebag Unit Trust Managers.

Security Selection Ltd.
Regis Hse., King William St., EC4
(Admin Office) 01-623 4951

Unvl Gth Tst Acc	33.2	35.4	—	4.08
Unvl Gth Tst Inc	25.6	27.3	—	4.08

Stewart Unit Tst. Managers Ltd.(a)
45, Charlotte Sq., Edinburgh. 031-226 3271
†Stewart American Fund

Standard Units	64.8	69.0	—	1.96
Accum. Units	71.2	75.8	—	—
Withdrawal Units	45.6	48.6	—	—

*Stewart British Capital Fund

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
90¼	82¼	Aust. 5½pc '81-82	90	......	6.21	13.11
82¼	77½	Do. 6pc 1981-83	82¼	+¼	7.24	12.81
64½	58	N.Z. 7½pc 1988-92	64½	+¼	11.22	13.20
[illegible]	72	Do. 7½pc 83-86	79½	+¼	9.58	12.82
95¼	85	Sth. Africa 9½pc 79-81	95¼	......	10.11	14.59
[illegible]	207	Sth. Rhod. 2½pc '65-70	[illegible]	......	—	—
[illegible]	133	Do. 6pc '78-81	157½	......	—	—

LOANS

Public Board and Ind.

Financial

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CANADIANS

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Far West Rand

O.F.S.

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Diamond and Platinum

Central African

Tins

Copper

Miscellaneous

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	135	......	—	—	—
97	52	Barymin	57	......	—	—	—
17	12	Burma Mines 10p	14½	......	0.62	1.1	6.2
502	308	Cons. Murch. 10c.	390xd	......	MQ100c	1.8	16.8
180	115	††Hemerdon 10c.	115	......	—	—	—
585	325	Northgate C$1	420	+5	—	—	—
485	327	R.T.Z.	472	+15	15.0	3.2	4.5
33	16	Robert Mines	24	......	—	—	—
58	26	Sabina Inds. C$1	30	+1	—	—	—
51	44	††SWCM 10p	49	+1	—	—	—
650	411	Tara Expln. $1	443	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♦ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	31	+1
Bertam	16	......
Bdg'wtr. Est. 50p	415	......
Clover Croft	60	......
Craig & Rose £1	£10½	......
Fife Forge	32½	......
Finlay Pkg. 5p	18	......
Graig Ship. £1	£17½	......
Higsons Brew	77	......
Holt (Jos) 25p	250	......
I.O.M. Stm. £1	192	+2
Pearce (C. H.)	455	......
Peel Mills	40	......
Sheff. Refrshmt.	102½	......
Sindall (Wm.)	143	......

IRISH

Conv. 9% '80/82	£91¼	+⅛
Nat. 9¾% 84/89	£79⅝	+⅝
Fin. 13% 97/02	£93⅝	+1
Alliance Gas	48	......
Arnott	345	......
Carroll (P.J.)	54	......
Clondalkin	116	......
Concrete Prods.	70	......
Heiton (Hldgs.)	32	......
Ins. Corp.	246	......
Irish Ropes	45	......
Jacob	32	......
T.M.G.	87	......
Unidare	80	......

OPTIONS

3-month Call Rates

Industrials		I.C.I.	27	Utd. Drapery	6½
A. Brew	7	"Imps"	6½	Vickers	12
BOC Intl.	6	I.C.L.	14	Woolworths	5½
B.S.R.	4½	Inveresk	4		
Babcock	0	Ladbroke	15	**Property**	
[illegible]		[illegible]		[illegible]	
Gen. Electric	30	Reed Intl.	16	Tricentrol	40
Glaxo	10	Sears	5	Ultramar	35
Grand Met.	12	Tesco	6		
G.U.S. 'A'	34	Thorn	23	**Mines**	
Guardian	29	Trust Houses	12	Charter Cons.	14
G.K.N.	20	Tube Invest.	23	Cons. Gold	40
Hawker Sidd	15	Unilever	40	Lonrho	8
House of Fraser	15	U.D.T.	5½	Rio T. Zinc	35

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 28

FINANCIAL TIMES

Wednesday July 9 1980

BANBURY BUILDINGS PROMISES FULL CO-OPERATION

Probe into 'VAT-free' scheme

BY MICHAEL CASSELL

CUSTOMS and Excise officers are investigating possible irregularities in the operation of a VAT-free scheme for customers being operated by Banbury Buildings, the home improvement division of London Brick.

On Monday, a team of nearly 50 VAT officials made simultaneous visits to the headquarters of the company at Banbury and its 20 national display centres which are situated as far apart as Sevenoaks in Kent and Edinburgh. Employees were questioned and company documents were taken away.

The Customs and Excise Department refused to comment on the moves but it is understood that their investigations are centred on Banbury Buildings' "VAT-free" scheme for customers.

The company, which is a subsidiary of London Brick Buildings, manufactures and sells a wide range of pre-fabricated buildings, including garages, conservatories and home extensions.

Under its "VAT-free" scheme, which is similar to that adopted by many other pre-fabricated manufacturers, Banbury can sell products to customers as zero-rated goods, provided assembly involves a bona fide builder and forms are signed to that effect.

The company makes a £25 surcharge which is passed on to the nominated builder in part-payment for his services. Turnover of Banbury Buildings was last year understood to be in the region of £8m, and it is thought that up to £5m of sales could have involved the "VAT-free" facility.

Mr. Michael Wright, deputy chairman and managing director of London Brick, last night confirmed that every Banbury Buildings outlet had been visited by Customs and Excise officials.

Mr. Wright described the "VAT-free" scheme as "a perfectly legitimate and properly constructed arrangement" for a company which sold products in component form to be assembled at a later stage.

He added: "We can supply products without charging VAT if they are to be erected by a builder but it is apparently being suggested that some customers have been nominating fictitious contractors in order to escape VAT liability."

Mr. Wright said that all Banbury Buildings' employees had standing instructions to adhere rigidly to the rules laid down for operation of the scheme. London Brick would co-operate at all levels with the Customs and Excise Department during its inquiries, he added.

Last year, London Brick saw taxable profits fall from £14.09m to £12.74m and the directors said that the results for London Brick Buildings had been particularly disappointing, with high interest rates and reduced mortgage facilities restricting sales.

Ford takes best-ever 32.7% in UK

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD TIGHTENED its grip on the UK new car market in the first half of 1980, taking a 32.7 per cent share—the best half-year penetration achieved by the company.

In contrast, BL will have to struggle very hard if it is to meet its target of a 20 per cent market share for the full year. Following an appalling June, when its penetration dropped to only 13.18 per cent, BL's share after six months was 17.88 per cent.

The relative positions of the two companies is highlighted by the fact that in June the Ford Cortina, Britain's best-selling car, achieved sales of 18,470 representing a market share of nearly 15 per cent, compared with BL's total sales of 16,292.

To achieve its first-half share, however, Ford imported 51.23 per cent of the 284,618 new cars it sold. This was close to the highest imported proportion Ford has yet recorded.

But the group has now cut imports of built-up cars by about a half and this will increasingly show up in new car registrations. In June, for example, the import content in Ford's sales was down to just over 45 per cent against 48 per cent at the same time in 1979.

As the Society of Motor Manufacturers and Traders, which compiles the statistics, points out today, comparisons for June and the first half were distorted by pre-Budget buying last year.

Not only did customers anticipate a potential tax rise but the Budget itself gave buyers several days grace between the announcement of a rise in VAT from 8 to 15 per cent and its application.

Consequently, registrations in June, 1979 reached a record 200,172. This year the total for the month, 123,598, still represented the third-highest June figure since 1973.

TOP TEN SELLERS—JUNE		
1.	Ford Cortina	18,470
2.	Ford Escort	12,632
3.	Ford Fiesta	7,7134
4.	Austin-Morris Mini	4,148
5.	Vauxhall Chevette	3,873
6.	Morris Marina	3,726
7.	Renault R18	3,704
8.	Ford Capri	3,389
9.	Ford Granada	3,280
10.	Fiat Mirafiori	3,098

During the first six months of 1980 new car sales at 869,168 compared with 1,031,330 in the same period last year and 868,955 in the first half of 1978.

The SMMT maintains that the six-month figures are in line with its forecast that registrations for the full year will be 1.5m against 1.71m for 1979.

Sir Terence Beckett, chairman of Ford UK, echoed the SMMT's views last night when he said: "It is all too easy to be depressed by comparisons with last year's 1.71m market which was unprecedented. The industry forecast of 1.5m car sales in 1980, which we still support, is very much in line with most other recent years."

Ford's decision to build more cars for sale in the UK was reflected in the June figure for total imports which was below the record level (60.1 per cent in November last year) at 58.9 per cent of UK sales in spite of BL's poor performance in the month. This compared with 56 per cent in June 1979.

Imports for the half-year reached 57.8 per cent registrations against 55.44 per cent at the same stage last year. And during the six-months, sales of Japanese cars came to 10.8 per cent of registrations compared with 9.8 per cent in 1979 and in line with the expectation that the Japanese will hold their UK market share this year to between 10 and 11 per cent.

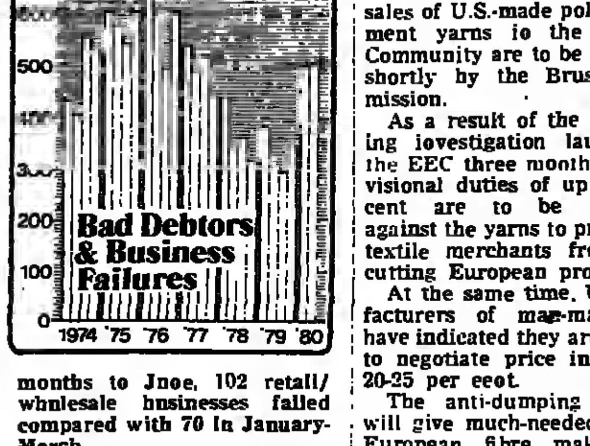
Table, Page 6

Business failures increase

BY ALAN FRIEDMAN

THE NUMBER of bad debtors and business failures increased sharply in the first half of this year. According to Trade Indemnity, one of Britain's largest underwriters of credit insurance, the number of irrecoverable debts and business failures in which its policyholders became involved grew by nearly 46 per cent in the first half of 1980. The total of 993, compares with 682 in the first six months of 1979.

Retail and wholesale distribution business failures were 29.3 per cent higher in the same period with a particularly large increase in the second quarter. In the three



months to June, 102 retail/wholesale businesses failed compared with 70 in January-March.

Trade Indemnity's figures also reveal a continued quarterly increase in bad debtors and failures.

A breakdown by sector shows that textile failures more than doubled in the first six months of 1980: 160 textile companies were reported against 79 a year before.

Engineering failures were 96 per cent higher (from 105 last year to 206 in the first half of 1980), with general engineers and metal manufacturers and processors making up more than half the number.

$3bn Jubail deal agreed

AGREEMENT on a $3bn joint venture petrochemicals complex at Jubail in Saudi Arabia has now been reached by Pecten Arabian, part of the *Shell group*, and *SABIC*—the Saudi Basic Industries Corporation.

The Shell group is expected to receive as much as 200,000 barrels a day of crude oil as part of the deal—plus some of the basic chemicals that will be made at the new Jubail complex.

Barclays to launch new account

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

BARCLAYS BANK yesterday became the first of the major clearing banks to announce new forms of savings and deposit accounts for personal customers. The move is seen as the first stage in plans by the banks to introduce savings plans for individuals competitive with those of the building societies.

Barclays will launch two new accounts on September 1.

The first, the bonus savings account, is for people who can save £10 or more each month for a minimum of 12 months. The interest rate will be fixed at a margin, initially 1 per cent above 7-day bank deposit rate. At present that would mean a 15 per cent annual rate of interest, against 14 per cent on ordinary deposit accounts.

The second account, the investment account, is aimed at personal and business customers willing to deposit sums of £5,000 to £50,000 for either three or six month. The interest rate will reflect market rates, but will be fixed for the period. At present it also would be 15 per cent.

The Barclays move marks a departure from the situation where the only savings account ordinary individuals could have with a clearing bank was the seven-day deposit account. Mr. Brian Pearse, a Barclays general manager, said yesterday that other savings accounts may be launched later. "These new savings schemes are another step in a substantial broadening of our services. We hope the new schemes will help us to attract not only rainy-day savings but a greater share of the investment savings market."

As part of a general programme to increase their shares of the retail banking market all the other clearing banks are expected to follow Barclays' lead later this year.

All said yesterday that they had their own schemes ready to go once a decision is taken.

One clearer said it was reluctant to move at this stage because of the Bank of England's guidelines about restricting lending to individuals. The implication of the Barclays move, it said, was that Barclays was intending to increase its personal lending.

All the clearers now admit that they intend to become substantially more involved in mortgage lending over the next year.

EEC to curb sales of U.S. yarns

BY GILES MERRITT IN BRUSSELS

MEASURES TO reduce sharply sales of U.S.-made polyester filament yarns in the European Community are to be announced shortly by the Brussels Commission.

As a result of the anti-dumping investigation launched by the EEC three months ago, provisional duties of up to 20 per cent are to be introduced against the yarns to prevent U.S. textile merchants from undercutting European producers.

At the same time, U.S. manufacturers of man-made fibres have indicated they are prepared to negotiate price increases of 20-25 per cent.

The anti-dumping measures will give much-needed relief to European fibre makers, who now estimate that almost half of the loss they will make in 1980 as a result of U.S. competition will occur in the market for polyester filament yarn.

For the UK industry, the curbs will further strengthen the protection of the quotas imposed last February on U.S. polyesters and nylon carpet yarns.

The Brussels announcement of the controls is to be made about the end of this month, although European textile industry experts say that in the present tension surrounding U.S.-EEC trade relations it has become a matter of "political timing."

Officials at the European Commission are less concerned, however, about the reaction of the Carter Administration to the coming move to counter U.S. merchants' dumping of polyesters than about the effects of earlier and less drastic curbs by the UK. The U.S. Government's demands for compensation worth $55m (£23m), for the UK quotas could result in the withdrawal by both sides of trade concessions between the U.S. and the EEC.

The disagreement over compensation for the UK measures could still become entangled in the forthcoming anti-dumping package being prepared by the Commission. However, the European synthetic fibres producers are understood to be urging prompt action from Brussels. It is being pointed out that while the duties and price undertakings will have a dramatic effect on U.S. sales, and will eventually permit the EEC industry to raise its own polyester filament yarn prices, the curbs may not bite until 1981. With industry prices and contracts fixed three months in advance, even an immediate announcement of measures by the Commission would safeguard only the fourth quarter of this year.

Continued from Page 1

Thatcher unruffled by miners

This further pressure was the cause of a Commons Committee row yesterday, when the Government was accused of deliberately "jigging the finances" of the NCB to turn the expected break-even for the past financial year into a £160m book-loss.

Dr. David Owen, Shadow Energy Secretary, said the Government had ordered a "basically fraudulent representation of the accounts" disguising increased output and productivity by the miners.

Moving the conference resolution, Mr. Michael McGahey, NUM vice-president and Scottish area president, said the threat of pit closures and the challenge of imports would not deflect the miners from insisting on the £100 a week minimum. Drawing parallels with the 1971-72 overtime ban and strike, he said wages were a way of "tackling the Tories over the whole range of their economic policies."

The miners would unite and lead the trade union movement in a struggle against the Government. "It can create the conditions if they want a confrontation—and they will be the people who are confronting us—in which we have the earliest possible General Election and get rid of the Tories." Mr. McGahey said.

He was echoed by Mr. Arthur Scargill, Yorkshire president, who said that if "the woman in Number Ten," wanted a fight it would be of her choosing, not that of the miners. The Government's financial constraints were as much an interference with bargaining as Mr. Heath's incomes policy.

Right-wingers in the union leadership showed their unease by questioning the practicability of making miners salaried employees. Only one, Mr. Trevor Bell of the white-collar section COSA—and a potential candidate for the presidency against Mr. Scargill — warned that miners should be under no illusions about the risks of their claim.

"If the Government do stay out (of the negotiations), there will have to be some dramatic decisions to be made in order to meet the bill we are going to present to the Coal Board," he said.

Present basic rates range up to nearly £102 a week. The NCB estimates the average earnings of the 240,000 mineworkers are about £125-£130 a week, including incentive bonus payments.

Wholesale prices in U.S. up sharply

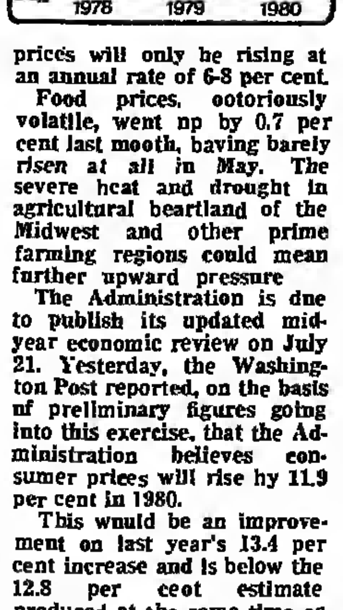
By Jurek Martin in Washington

WHOLESALE PRICES in the U.S. rose significantly faster in June than in the previous two months, the Labour Department reported yesterday.

The producer price index went up by 0.8 per cent in the month, having advanced by only 0.5 per cent and 0.3 per cent in April and May respectively, with almost all sectors except energy increasing markedly.

The June performance is, of course, nothing like as bad as the early months of the year, when wholesale and consumer prices were going up at an 18-20 per cent annual rate. Over the last 12 months, the producer price index has risen by 13.5 per cent.

But such increases normally show up sooner or later at retail level and the June figures cast at least some doubt on the Administration's predictions that towards the end of the summer consumer



prices will only be rising at an annual rate of 6-8 per cent.

Food prices, notoriously volatile, went up by 0.7 per cent last month, having barely *risen at all in May*. The severe heat and drought in agricultural heartland of the Midwest and other prime farming regions could mean further upward pressure.

The Administration is due to publish its updated mid-year economic review on July 21. Yesterday, the Washington Post reported, on the basis of preliminary figures going into this exercise, that the Administration believes consumer prices will rise by 11.9 per cent in 1980.

This would be an improvement on last year's 13.4 per cent increase and is below the 12.8 per cent estimate produced at the same time as the March 14 anti-inflation package for 1981, the newspaper said, a 9.8 per cent advance in consumer price is anticipated.

Weather

UK TODAY

MOSTLY CLOUDY with rain

London, S. England, Midlands, Channel Isles, N. England

Mostly cloudy, with showers or longer periods of rain and northerly wind. Max 17C (63F).

S.E. England, E. Anglia, E. England, N.E. England, Borders

Mostly cloudy, outbreaks of rain or drizzle and hill fog patches. Wind northerly 16C (61F).

S.W. England, Wales, Isle of Man

Sunny intervals and showers. Wind north-west. Max. 17C (63F).

W. Scotland, Ulster

Sunny intervals and showers. Wind northerly. Max. 17C (63F).

Outlook: Long periods of rain and rather cool.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	31	88	Lisbon	F	22	72
Algiers	S	32	90	Locarno	R	16	61
Amsdm.	R	16	61	London	R	14	57
Bahrain	S	37	98	Luxmbg.	C	16	61
Barclna.	C	24	75	Luxor	S	38	100
Beirut	S	28	82	Madrid	C	21	70
Belfast	C	17	63	Majorca	S	27	81
Belgrd.	S	28	82	Malaga	S	34	93
Berlin	C	19	66	Mchstr.	C	15	59
Biarritz	F	18	64	Melbne.	R	9	48
Bmghm.	C	14	57	M'ntreal	C	22	71
Blackp'l	F	17	63	Moscow	C	18	64
Bordx.	F	18	64	Munich	C	21	70
Boulgn.	R	13	55	Nairobi	C	20	68
Bristol	C	13	55	Naples	S	25	77
Brussels	F	14	57	Nwcstl.	C	15	59
Budpst.	F	25	77	N. York	C	24	75
B. Airs	C	10	50	Nice	C	21	70
Cairo	S	34	93	Nicosia	S	28	82
Cardiff	C	16	61	Oporto	R	17	63
Casblca.	C	23	73	Oslo	S	25	77
Cape T	C	16	61	Paris	C	17	63
Chicago	S	25	77	Perth	S	15	59
Cologne	R	17	63	Prague	S	21	70
Cpnhgn.	S	19	66	Rykjvk.	C	12	54
Corfu	S	28	82	Rhodes	S	28	82
Dublin	C	16	61	Rio J'o	S	22	72
Dbrvnk	S	26	79	Rome	S	25	77
Ednbgh.	C	15	59	Salzb'rg	F	26	79
Faro	S	27	81	Singapr.	S	31	88
Florence	S	26	79	Stckhm.	F	21	70
Frankf't	R	17	63	Strasb'g	C	16	61
Funchal	S	23	73	Sydney	S	16	61
Geneva	C	18	64	Tangier	S	23	73
Gibrltr.	S	29	84	Tehran	S	28	82
Glasgow	R	15	59	Tel Aviv	F	27	81
G'rnsey	R	13	55	Tokyo	R	24	75
Helsinki	S	21	70	Toronto	R	21	70
H. Kong	S	31	88	Tunis	S	39	102
Innsbr'k	C	23	73	Valencia	F	32	90
Invrnss.	C	15	59	Venice	F	24	75
I.o.Man	F	17	63	Vienna	S	25	77
Istanbul	S	26	79	Warsaw	F	21	70
Jersey	C	14	57	Zurich	R	12	54
Jo'burg	S	14	57				

C—Cloudy F—Fair. Fg—Fog. R—Rain. S—Sunny Sl—Sleet. Sn—Snow

THE LEX COLUMN

Monetarism with a difference

Quite apart from their fleeting significance as the gilt-edged market's monthly monetary fix, the June banking figures have a certain historic importance. These, it seems, were the magic numbers which convinced the Bank of England that monetary policy was working and allowed it to lower Minimum Lending Rate. Students of official policy intent on spotting future cuts in MLR now know what to look for—a month where the figures are seriously distorted (in this case by the imminent lapsing of the corset scheme) and where sterling M3 growth is just above the permitted target range.

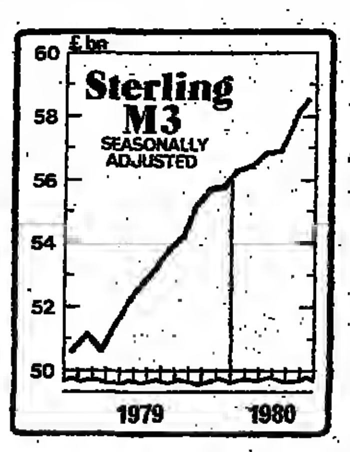
The figures confirm last week's suspicions that the authorities decided to cut rates, under considerable political pressure, as a result of old-fashioned feelings about the likely course of credit demand in a developing recession rather than from strict adherence to the monetary targets. These had been exasperatingly slow in giving the right signal. To a certain extent the June figures offered a pretext—perhaps the best chance of the summer. And the response of the financial markets suggests that no one is worried that last week's cut—or a possible further cut—will dangerously encourage credit demand.

For the four months since February, sterling M3 shows an annualised growth of 11½ per cent, supposing that the Banks indication of ½ per cent growth in June is accurate—it is more than usually provisional, since it is not quite clear who bought all the gilts sold during the banking month. For the rest, the figures show the familiar pattern of eligible liabilities growing a good deal faster than sterling M3. There may have been some last-ditch attempts to get round the corset in its last month of operation, but the fact that the banking system as a whole moved from 6 per cent to 8½ per cent above the corset ceiling suggests that most banks were more anxious to bag market share than to avoid penalties.

Elsewhere, the clearing bank figures show a sharp rise in sterling lending to overseas residents. While sterling lending to domestic residents is satisfactorily lower — as it should be when the Exchequer was in very large deficit — UK residents increasingly seem to be arranging foreign currency bank finance.

The gilt-edged market had perhaps hoped for more reassurance from the figures, and fell quite sharply when they were announced. As a result, today's

Index fell 2.3 to 492.7



new offering, Treasury 12 per cent 1987, on longer looks irresistibly attractive, but it may receive some support from the foreign institutions for which it appears to have been designed. The domestic long-term institutions must now be very short of liquidity, while the traders, operating against an unfriendly backward - sloping yield curve, will continue to second-guess the strength of foreign demand.

Rothmans International

The Board of Rothmans International scores high for generosity this year—the gross dividend is up 25 per cent against a 15 per cent rise last time—but low for logic, for the profits buoyancy of 1978-79 has been replaced by a tumble of 18 per cent pre-tax to £80.5m for 1979-80. The weakness evident at half-time, when the decline was 11 per cent, has been followed by a drop of almost a quarter in October-March. This outturn was well below market expectations, but the share price eased only ½p to 47p yesterday—perhaps because the yield is now within a whisker of 10 per cent, and cover on a fully diluted basis is still nearly 5 times.

The dollar gets most of the blame for Rothmans' setback. In the good old days the group earned fat margins on its UK export trade, mostly to the Middle East, but sterling costs have more recently been biting deeply into dollar revenues—and it is hard to raise export prices because American companies like Philip Morris and Reynolds are now hot on Rothmans' heels in its best overseas markets. In all, the group claims that in 1979-80 the strengthening of sterling cost it over £20m, and it could well be that the squeezing of export margins was responsible for some three-quarters of this, the rest being attributable to the translation effects on the profits of overseas subsidiaries—though in aggregate these are claimed to be slightly higher in terms of local currencies.

With sterling riding even higher this year—at around $2.37 yesterday—the squeeze on Rothmans must be getting even more intense. It is cutting costs where it can, and has still been managing to push up volume (by 8 per cent in group terms last year), while the interest burden should soon start to ease a little. But only a currency turnround can prevent another fall in profits.

Lesney

Life is still very tough in toy town. As John Waddington checked in with another set of depressing figures yesterday, the latest accounts from Lesney Products showed that the group has come to a new agreement with its bankers in the UK and the U.S. since the year-end in January. As a result, it will be able to cope with seasonal increases in its debt — but in return, just about all its loans have been switched on to a secured basis, with fixed and floating charges on its UK and U.S. assets. At the end of January the group had term loans and overdrafts of £45.7m, supported by shareholders' funds of £39.3m.

A large part of this debt is related to Lesney's inflated stock levels (fixed assets only amount to £23.9m), and its future depends on its ability to improve its working capital ratios. Sales have risen by two-thirds in the past two years, but stocks have more than doubled, and in an effort to reverse this trend the group has been obliged to cut its workforce by 30 per cent and to budget for a substantial cut in production this year.

Meanwhile its auditors have drawn attention in their report to the note in the directors' report concerning Lesney's new arrangements with its bankers. This conforms with the new auditing standards and does not represent a qualification: rather it is intended simply to emphasise an item of material financial importance. What users of the accounts are to make of such a subtle emphasis is another matter, and it is to be hoped that auditors will not slip back into their bad old "hieratic" ways.

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